

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

**FORM 10-Q**

(MARK ONE)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE QUARTERLY PERIOD ENDED March 31, 2025

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE TRANSITION PERIOD FROM \_\_\_\_\_ TO \_\_\_\_\_

COMMISSION FILE NUMBER 001-36680

**HubSpot, Inc.**

(Exact name of registrant as specified in its charter)

Delaware  
(State or other jurisdiction of  
incorporation or organization)

20-2632791  
(I.R.S. Employer  
Identification No.)

Two Canal Park  
Cambridge, Massachusetts 02141  
(Address of principal executive offices)

(888) 482-7768  
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value \$0.001 per share	HUBS	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES  NO

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). YES  NO

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
Emerging growth company	<input type="checkbox"/>		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). YES  NO

There were 52,737,566 shares of the registrant's Common Stock issued and outstanding as of May 2, 2025.

# HUBSPOT, INC.

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## SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, and these statements involve substantial risks and uncertainties. All statements other than statements of historical fact contained in this Quarterly Report on Form 10-Q are forward-looking statements. Forward-looking statements generally relate to future events or our future financial or operating performance. In some cases, you can identify forward-looking statements because they contain words such as “may,” “should,” “expects,” “plans,” “anticipates,” “could,” “intends,” “target,” “projects,” “contemplates,” “believes,” “estimates,” “predicts,” “potential” or “continue” or the negative of these words or other similar terms or expressions that concern our expectations, strategy, plans or intentions. Forward-looking statements contained in this Quarterly Report on Form 10-Q include, but are not limited to, statements about:

- our future financial and operational performance, including our expectations regarding our revenue, cost of revenue, gross margin and operating expenses;
- maintaining and expanding our customer base and increasing our average subscription revenue per customer;
- the impact of competition in our industry and innovation by our competitors, including as a result of new or better use of evolving artificial intelligence (“AI”) technologies;
- our anticipated growth and expectations regarding our ability to manage our future growth;
- our expectations regarding the potential impact of geo-political conflicts, inflationary pressures, tariffs and trade restrictions, foreign currency movement, macroeconomic stability, and catastrophic events, on our business, the broader economy, our workforce and operations, the markets in which we and our partners and customers operate, and our ability to forecast future financial performance;
- our anticipated areas of investments, including sales and marketing, research and development, including with respect to AI and machine learning, customer service and support, data center infrastructure and service capabilities, and expectations relating to such investments;
- our predictions about industry and market trends;
- our ability to anticipate and address the evolution of technology and the technological needs of our customers, to roll-out upgrades to our existing software platform and to develop new and enhanced applications to meet the needs of our customers, including with respect to AI and machine learning;
- our ability to maintain our brand and inbound marketing, selling and servicing thought leadership position;
- the impact of our corporate culture and our ability to attract, hire and retain necessary qualified employees to expand our operations;
- the anticipated effect on our business of litigation to which we are or may become a party;
- our ability to successfully acquire and integrate companies and assets;
- our plans regarding declaring or paying cash dividends in the foreseeable future; and
- our ability to stay abreast of new or modified laws and regulations that currently apply or become applicable to our business both in the United States and internationally.

We caution you that the foregoing list may not contain all of the forward-looking statements made in this Quarterly Report on Form 10-Q.

You should not rely upon forward-looking statements as predictions of future events. We have based the forward-looking statements contained in this Quarterly Report on Form 10-Q primarily on our current expectations and projections about future events and trends that we believe may affect our business, financial condition, results of operations and prospects. The outcome of the events described in these forward-looking statements is subject to risks, uncertainties and other factors described in “Risk Factors” and elsewhere in this Quarterly Report on Form 10-Q. Moreover, we operate in a very competitive and rapidly changing environment. New risks and uncertainties emerge from time to time, and it is not possible for us to predict all risks and uncertainties that could have

an impact on the forward-looking statements contained in this Quarterly Report on Form 10-Q. The results, events and circumstances reflected in the forward-looking statements may not be achieved or occur, and actual results, events or circumstances could differ materially from those described in the forward-looking statements.

The forward-looking statements made in this Quarterly Report on Form 10-Q relate only to events as of the date on which the statements are made. We undertake no obligation to update any forward-looking statements made in this Quarterly Report on Form 10-Q to reflect events or circumstances after the date of this Quarterly Report on Form 10-Q or to reflect new information or the occurrence of unanticipated events, except as required by law.

We may not actually achieve the plans, intentions or expectations disclosed in our forward-looking statements and you should not place undue reliance on our forward-looking statements. Our forward-looking statements do not reflect the potential impact of any future acquisitions, mergers, dispositions, joint ventures or investments we may make.

In this Quarterly Report on Form 10-Q, the terms “HubSpot,” “we,” “us,” and “our” refer to HubSpot, Inc. and its subsidiaries, unless the context indicates otherwise.

## **Risk Factor Summary**

*The risk factors detailed in Item 1A entitled “Risk Factors” in this Quarterly Report on Form 10-Q are the risks that we believe are material to our investors and a reader should carefully consider them. Those risks are not all of the risks we face and other factors not presently known to us or that we currently believe are immaterial may also affect our business if they occur. The following is a summary of the risk factors detailed in Item 1A:*

- We are dependent upon customer renewals, the addition of new customers, increased revenue from existing customers and the continued growth of the market for a customer platform.
- We face significant competition from both established and new companies in the software market in which we operate, which may harm our ability to add new customers, retain existing customers and grow our business.
- Failure to effectively develop and expand our marketing, sales, customer service, operations, and content management capabilities could harm our ability to increase our customer base and achieve broader market acceptance of our platform.
- If we fail to adapt and respond effectively to rapidly changing technology (including AI and machine learning), evolving industry standards and changing customer needs or requirements, our customer platform may become less competitive.
- Our ability to introduce new products and features, including new products and features that utilize AI is dependent on adequate research and development resources. If we do not adequately fund our research and development efforts, we may not be able to compete effectively and our business and operating results may be harmed.
- We are exposed to fluctuations in currency exchange rates that could adversely affect our financial results.
- Economic uncertainty, including from changes in trade policies, trade wars, tariffs or other trade restrictions or the threat of such actions, may lead to decreased demand for our products and services and otherwise harm our business and results of operations.
- Interruptions or delays in service from our third-party data center providers could impair our ability to deliver our platform to our customers, resulting in customer dissatisfaction, damage to our reputation, loss of customers, limited growth, and reduction in revenue.
- If our customer platform has outages or fails due to defects or similar problems, and if we fail to correct any defect or other software problems, we could lose customers, become subject to service performance or warranty claims or incur significant costs.
- If our or our customers’ security measures are compromised or unauthorized access to data of our customers or their customers is otherwise obtained, our customer platform may be perceived as not being secure, our customers may be harmed and may curtail or cease their use of our platform, our reputation may be damaged and we may incur significant liabilities.
- We have a history of losses and may not become consistently profitable or maintain or increase profitability in the future.
- We may experience quarterly fluctuations in our operating results due to a number of factors, which makes our future results difficult to predict and could cause our operating results to fall below expectations or our guidance.
- If we do not accurately predict subscription renewal rates or otherwise fail to forecast our revenue accurately, or if we fail to match our expenditures with corresponding revenue, our operating results could be adversely affected.

- Our ability to raise capital in the future may be limited, and our failure to raise capital when needed could prevent us from growing.

**PART I — Financial Information**

**Item 1. Financial Statements**

**HubSpot, Inc.  
Unaudited Consolidated Balance Sheets  
(in thousands)**

	March 31, 2025	December 31, 2024
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 625,029	\$ 512,667
Short-term investments	1,417,785	1,556,828
Accounts receivable — net of allowance for doubtful accounts of \$5,568 at March 31, 2025 and \$6,088 at December 31, 2024	294,509	334,829
Deferred commission expense	167,962	148,693
Prepaid expenses and other current assets	108,588	80,586
<b>Total current assets</b>	<b>2,613,873</b>	<b>2,633,603</b>
Long-term investments	176,557	154,212
Property and equipment, net	123,815	114,165
Capitalized software development costs, net	169,517	154,484
Right-of-use assets	215,990	216,230
Deferred commission expense, net of current portion	174,270	160,814
Other assets	126,200	115,254
Intangible assets, net	41,054	37,563
Goodwill	255,040	209,508
<b>Total assets</b>	<b>\$ 3,896,316</b>	<b>\$ 3,795,833</b>
<b>Liabilities and stockholders' equity</b>		
Current liabilities:		
Accounts payable	\$ 22,234	\$ 3,649
Accrued compensation costs	86,354	67,442
Accrued commissions	97,064	102,043
Accrued expenses and other current liabilities	129,571	125,135
Operating lease liabilities	36,696	32,693
Convertible senior notes	368,883	458,184
Deferred revenue	836,296	784,253
<b>Total current liabilities</b>	<b>1,577,098</b>	<b>1,573,399</b>
Operating lease liabilities, net of current portion	249,570	254,539
Deferred revenue, net of current portion	4,581	3,969
Other long-term liabilities	60,523	55,640
<b>Total liabilities</b>	<b>1,891,772</b>	<b>1,887,547</b>
Commitments and contingencies (Note 12)		
Stockholders' equity:		
Common stock, \$0.001 par value—500,000 shares authorized; 53,180 and 52,667 shares issued; 52,282 and 51,767 shares outstanding at March 31, 2025 and December 31, 2024, respectively	52	52
Additional paid-in capital	2,828,754	2,713,697
Accumulated other comprehensive loss	(2,660)	(5,654)
Accumulated deficit	(821,602)	(799,809)
<b>Total stockholders' equity</b>	<b>2,004,544</b>	<b>1,908,286</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 3,896,316</b>	<b>\$ 3,795,833</b>

The accompanying notes are an integral part of the consolidated financial statements.

**HubSpot, Inc.**  
**Unaudited Consolidated Statements of Operations**  
(in thousands, except per share data)

	For the Three Months Ended March 31,	
	2025	2024
<b>Revenues:</b>		
Subscription	\$ 698,728	\$ 603,798
Professional services and other	15,409	13,616
Total revenue	714,137	617,414
<b>Cost of revenues:</b>		
Subscription	100,230	80,725
Professional services and other	14,877	14,363
Total cost of revenues	115,107	95,088
Gross profit	599,030	522,326
<b>Operating expenses:</b>		
Research and development	220,100	175,637
Sales and marketing	326,697	300,282
General and administrative	78,633	68,858
Restructuring	1,080	782
Total operating expenses	626,510	545,559
Loss from operations	(27,480)	(23,233)
<b>Other income (expense)</b>		
Interest income	20,564	18,727
Interest expense	(644)	(935)
Other (expense) income	(2,309)	13,161
Total other income	17,611	30,953
(Loss) income before income tax expense	(9,869)	7,720
Income tax expense	(11,924)	(1,786)
Net (loss) income	\$ (21,793)	\$ 5,934
Net (loss) income per share, basic	\$ (0.42)	\$ 0.12
Net (loss) income per share, diluted	\$ (0.42)	\$ 0.12
<b>Weighted average common shares used in computing basic net (loss)</b>		
income per share:	52,154	50,689
<b>Weighted average common shares used in computing diluted net (loss)</b>		
income per share:	52,154	51,498

The accompanying notes are an integral part of the consolidated financial statements.

**HubSpot, Inc.**  
**Unaudited Consolidated Statements of Comprehensive (Loss) Income**  
**(in thousands)**

	<u>For the Three Months Ended March 31,</u>	
	<u>2025</u>	<u>2024</u>
Net (loss) income	\$ (21,793)	\$ 5,934
Other comprehensive loss:		
Foreign currency translation adjustment	2,945	(2,044)
Changes in unrealized loss on investments, net of income taxes of \$0 for the three months ended March 31, 2025 and 2024	(408)	(2,763)
Changes in unrealized loss on cash flow hedges, net of income taxes of \$47 for the three months ended March 31, 2025 and \$0 for the three months ended March 31, 2024	457	—
Comprehensive (loss) income	<u>\$ (18,799)</u>	<u>\$ 1,127</u>

The accompanying notes are an integral part of the consolidated financial statements.



**HubSpot, Inc.**  
**Unaudited Consolidated Statements of Stockholders' Equity**  
(in thousands, except per share amounts)

	Common Stock, \$0.001 Par Value		Treasury Stock, \$0.001 Par Value		Additional Paid-In Capital	Accumulated Other Comprehensive (Loss)	Accumulated Deficit	Total
	Shares	\$	Shares	\$				
Balances at December 31, 2024	51,767	\$ 52	900	\$ —	\$ 2,713,697	\$ (5,654)	\$ (799,809)	1,908,286
Issuance of common stock under stock plans	335	—	(2)	—	3,088	—	—	3,088
Restricted stock units taxes paid in cash	(12)	—	—	—	(9,070)	—	—	(9,070)
Conversion of the 2025 Notes	192	—	—	—	(767)	—	—	(767)
Stock-based compensation	—	—	—	—	121,806	—	—	121,806
Other comprehensive loss, net of tax	—	—	—	—	—	2,994	—	2,994
Net loss	—	—	—	—	—	—	(21,793)	(21,793)
Balances at March 31, 2025	<u>52,282</u>	<u>\$ 52</u>	<u>898</u>	<u>\$ —</u>	<u>\$ 2,828,754</u>	<u>\$ (2,660)</u>	<u>\$ (821,602)</u>	<u>\$ 2,004,544</u>

	Common Stock, \$0.001 Par Value		Treasury Stock, \$0.001 Par Value		Additional Paid-In Capital	Accumulated Other Comprehensive (Loss)	Accumulated Deficit	Total
	Shares	\$	Shares	\$				
Balances at December 31, 2023	50,448	\$ 50	910	\$ —	\$ 2,136,908	\$ 1,827	\$ (804,437)	1,334,348
Issuance of common stock under stock plans	332	1	(1)	—	6,513	—	—	6,514
Restricted stock units taxes paid in cash	(20)	—	—	—	(8,791)	—	—	(8,791)
Stock-based compensation	—	—	—	—	115,919	—	—	115,919
Other comprehensive loss, net of tax	—	—	—	—	—	(4,807)	—	(4,807)
Net income	—	—	—	—	—	—	5,934	5,934
Balances at March 31, 2024	<u>50,760</u>	<u>\$ 51</u>	<u>909</u>	<u>\$ —</u>	<u>\$ 2,250,549</u>	<u>\$ (2,980)</u>	<u>\$ (798,503)</u>	<u>\$ 1,449,117</u>

The accompanying notes are an integral part of the consolidated financial statements.

**HubSpot, Inc.**  
**Unaudited Consolidated Statements of Cash Flows**  
(in thousands)

	<b>For the Three Months Ended March 31,</b>	
	<b>2025</b>	<b>2024</b>
<b>Operating Activities:</b>		
Net (loss) income	(21,793)	\$ 5,934
Adjustments to reconcile net (loss) income to net cash and cash equivalents provided by operating activities, net of acquisitions		
Depreciation and amortization	28,830	21,234
Stock-based compensation	116,693	111,122
Gain on strategic investments	(115)	(16,353)
Impairment of strategic investments	1,600	3,615
Benefit from deferred income taxes	(335)	(167)
Amortization of debt discount and issuance costs	500	500
Accretion of bond discount	(13,848)	(12,563)
Unrealized currency translation	2,717	538
Changes in assets and liabilities		
Accounts receivable	45,655	25,423
Prepaid expenses and other assets	(26,392)	(5,473)
Deferred commission expense	(27,159)	(17,001)
Right-of-use assets	6,437	6,390
Accounts payable	18,034	(1,300)
Accrued expenses and other liabilities	(1,224)	(13,281)
Operating lease liabilities	(7,452)	(12,743)
Deferred revenue	39,422	31,213
Net cash and cash equivalents provided by operating activities	<u>161,570</u>	<u>127,088</u>
<b>Investing Activities:</b>		
Purchases of investments	(674,375)	(399,378)
Maturities of investments	803,059	352,790
Purchases of property and equipment	(13,345)	(5,882)
Purchases of strategic investments	(11,000)	(27)
Business acquisitions, net of cash acquired	(51,356)	—
Capitalization of software development costs	(30,421)	(21,634)
Net cash and cash equivalents provided by (used in) investing activities	<u>22,562</u>	<u>(74,131)</u>
<b>Financing Activities:</b>		
Employee taxes paid related to the net share settlement of stock-based awards	(9,070)	(8,788)
Repayment of 2025 Convertible Notes	(90,568)	—
Proceeds related to the issuance of common stock under stock plans	19,308	19,943
Net cash and cash equivalents (used in) provided by financing activities	<u>(80,330)</u>	<u>11,155</u>
Effect of exchange rate changes on cash, cash equivalents and restricted cash	8,560	(4,306)
Net increase in cash, cash equivalents and restricted cash	112,362	59,806
Cash, cash equivalents and restricted cash, beginning of period	516,720	392,040
Cash, cash equivalents and restricted cash, end of period	<u>\$ 629,082</u>	<u>\$ 451,846</u>
<b>Supplemental cash flow disclosure:</b>		
Cash paid for income taxes	\$ 3,705	\$ 3,100
Right-of-use assets obtained in exchange for operating lease liabilities	\$ 3,199	\$ 504
<b>Non-cash investing and financing activities:</b>		
Capital expenditures incurred but not yet paid	\$ 2,799	\$ 1,737

The accompanying notes are an integral part of the consolidated financial statements.

**HubSpot, Inc.**  
**Notes to Unaudited Consolidated Financial Statements**

**1. Organization and Operations**

HubSpot, Inc. (the “Company”) provides a customer platform that helps businesses connect and grow better. The Company delivers seamless connection for customer-facing teams with a unified platform that includes three layers: Artificial Intelligence (“AI”)- powered engagement hubs, a Smart customer relationship management product (“CRM”), and a connected ecosystem that extends the customer platform with app marketplace integrations, a community network, and an academy of educational content.

The AI-powered engagement hubs include Marketing, Sales, Service, Operations, Content, and Commerce, as well as other tools and integrations that enable companies to attract, engage, and delight customers throughout the customer experience. The Smart CRM is the foundational layer that combines customer data with AI to power the entire customer platform.

The accompanying unaudited consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States (“GAAP”) applicable to interim periods, under the rules and regulations of the United States Securities and Exchange Commission (“SEC”). In the opinion of management, the Company has prepared the accompanying unaudited consolidated financial statements on a basis substantially consistent with the audited consolidated financial statements of the Company as of and for the year ended December 31, 2024, and these consolidated financial statements include all adjustments, consisting only of normal recurring adjustments, necessary for a fair statement of the results of the interim periods presented. All intercompany balances and transactions have been eliminated in consolidation.

The results of operations for the interim periods presented are not necessarily indicative of the results to be expected for any subsequent quarter or for the entire year ending December 31, 2025. The December 31, 2024 balance sheet data was derived from audited financial statements, but this Form 10-Q does not include all disclosures required under GAAP. Certain information and note disclosures normally included in annual financial statements prepared in accordance with GAAP have been omitted under the rules and regulations of the SEC.

These interim financial statements should be read in conjunction with the audited consolidated financial statements and related notes contained in the Company’s Annual Report on Form 10-K filed with the SEC on February 12, 2025. There have been no changes in the Company’s significant accounting policies from those that were disclosed in the Company’s Annual Report on Form 10-K that have had a material impact on our consolidated financial statements and related notes.

***Recent Accounting Pronouncements***

Recent accounting standards not included below are not expected to have a material impact on our consolidated financial statements.

In December 2023, the FASB issued guidance enhancing income tax disclosure requirements by requiring specified categories and greater disaggregation within the rate reconciliation table, disclosure of income taxes paid by jurisdiction, and providing clarification on uncertain tax positions and related financial statement impacts. The new standard will be effective for the Company for the annual period beginning on January 1, 2025, with early adoption permitted. The adoption of this standard only impacts annual disclosures and is not expected to have a material impact on the Company’s consolidated financial statements.

In November 2024, the FASB issued guidance that requires the disclosure about specific types of expenses included in the expense captions presented on the face of the income statement. The new standard will be effective for the Company for the annual periods beginning January 1, 2027, and for interim periods beginning January 1, 2028, with early adoption permitted. The adoption of this standard only impacts annual and quarterly disclosures and is not expected to have a material impact on the Company’s consolidated financial statements.

**2. Revenues**

***Disaggregation of Revenue***

The Company provides disaggregation of revenue based on geographic region (Note 15) and based on the subscription versus professional services and other classification on the consolidated statements of operations as it believes these best depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.

### Deferred Revenue and Deferred Commission Expense

Amounts that have been invoiced are recorded in accounts receivable and deferred revenue or revenue, depending on whether the revenue recognition criteria have been met. Deferred revenue represents amounts billed for which revenue has not yet been recognized. Deferred revenue that will be recognized during the succeeding 12-month period is recorded as current deferred revenue, and the remaining portion is recorded as long-term deferred revenue. Deferred revenue during the three months ended March 31, 2025 increased by \$52.7 million resulting from \$766.8 million of additional invoicing and was offset by revenue recognized of \$714.1 million during the same period. \$418.9 million of revenue was recognized during the three months ended March 31, 2025 that was included in deferred revenue at the beginning of the period. As of March 31, 2025, approximately \$1,136.0 million of revenue is expected to be recognized from remaining performance obligations for contracts with original performance obligations that exceed one year. The Company expects to recognize revenue on approximately 89% of these remaining performance obligations over the next 24 months, with the balance recognized thereafter.

Additional contract liabilities of \$5.6 million and \$6.4 million were included in accrued expenses and other current liabilities on the consolidated balance sheet as of March 31, 2025 and December 31, 2024.

The incremental direct costs of obtaining a contract, which primarily consist of employee sales and Solutions Partner commissions paid for new subscription contracts, are deferred and amortized on a straight-line basis over a period of approximately two to four years. The two to four-year period has been determined by taking into consideration the commitment term of the customer contract, the nature of the Company's technology development life-cycle, and an estimated customer relationship period. Sales and Solutions Partner commissions for upgrade contracts are deferred and amortized on a straight-line basis over the remaining estimated customer relationship period of the related customer. Deferred commission expense that will be recorded as expense during the succeeding 12-month period is recorded as current deferred commission expense, and the remaining portion is recorded as long-term deferred commission expense.

Deferred commission expense during the three months ended March 31, 2025 increased by \$32.7 million as a result of deferring incremental costs of obtaining a contract of \$70.3 million and was offset by amortization of \$37.6 million during the same period.

### 3. Net (Loss) Income per Share

Basic net (loss) income per share is computed by dividing net (loss) income by the weighted average number of common shares outstanding for the period. Diluted net (loss) income per share is computed by giving effect to all potential dilutive common stock equivalents outstanding for the period. For purposes of this calculation, options to purchase common stock, restricted stock units ("RSUs"), shares issued pursuant to the Employee Stock Purchase Plan ("ESPP"), performance restricted stock units ("PSUs"), and the Conversion Option of the 2025 Notes (the "Conversion Options") (Note 10) are considered to be potential common stock equivalents.

A reconciliation of the denominator used in the calculation of basic and diluted net (loss) income per share is as follows:

	Three Months Ended March 31,	
	2025	2024
Net (loss) income	\$ (21,793)	\$ 5,934
Weighted-average common shares outstanding — basic	52,154	50,689
Dilutive effect of share equivalents resulting from stock options, RSUs, ESPP, PSUs, and the Conversion Options	—	809
Weighted-average common shares, outstanding — diluted	52,154	51,498
Net (loss) income per share, basic	\$ (0.42)	\$ 0.12
Net (loss) income per share, diluted	\$ (0.42)	\$ 0.12

Since the Company incurred a net loss for the three months ended March 31, 2025, diluted net loss per share is the same as basic net loss per share. All of the Company's outstanding stock options, RSUs, PSUs, and shares issuable under the ESPP, as well as the Conversion Options were excluded in the calculation of diluted net loss per share as the effect would be anti-dilutive.

The Company uses the treasury stock method and the average market price per share during the period for calculating any potential dilutive effect of the stock options, RSUs, ESPPs, and PSUs. The Company uses the if-converted method when calculating

any potential dilutive effect of the Conversion Options, which assumes conversion of outstanding convertible securities at the beginning of the reporting period or date of issuance, if the convertible security was issued during the period.

The following table contains all potentially dilutive common stock equivalents.

	As of March 31,	
	2025	2024
	(in thousands)	
Options to purchase common shares	255	433
RSUs and PSUs	1,399	1,782
Conversion Option of the 2025 Notes	1,307	1,625
ESPP	—	—

#### 4. Fair Value of Financial Instruments

The Company measures certain financial assets at fair value. Fair value is determined based upon the exit price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants, as determined by either the principal market or the most advantageous market. Inputs used in the valuation techniques to derive fair values are classified based on a three-level hierarchy, as follows:

- Level 1 — Quoted prices in active markets for identical assets or liabilities.
- Level 2 — Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets with insufficient volume or infrequent transactions (less active markets); or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 — Unobservable inputs to the valuation methodology that are significant to the measurement of fair value of assets or liabilities.

The following table details the fair value measurements within the fair value hierarchy of the Company's financial assets and liabilities at March 31, 2025 and December 31, 2024:

	March 31, 2025			
	Level 1	Level 2	Level 3	Total
	(in thousands)			
Cash equivalents and investments:				
Money market funds	\$ 176,632	\$ —	\$ —	\$ 176,632
Commercial paper	—	3,449	—	3,449
Corporate bonds	—	302,042	—	302,042
U.S. Government agency securities	—	109,531	—	109,531
U.S. Treasury securities	—	1,181,113	—	1,181,113
Strategic investments	—	—	14,020	14,020
Restricted cash:				
Money market funds	—	4,053	—	4,053
Prepaid expenses and other current assets:				
Foreign currency derivative assets	—	106	—	106
<b>Total assets</b>	<b>\$ 176,632</b>	<b>\$ 1,600,294</b>	<b>\$ 14,020</b>	<b>\$ 1,790,946</b>
Accrued expenses and other current liabilities:				
Foreign currency derivative liabilities	\$ —	\$ 160	\$ —	\$ 160
<b>Total liabilities</b>	<b>\$ —</b>	<b>\$ 160</b>	<b>\$ —</b>	<b>\$ 160</b>

	December 31, 2024			
	Level 1	Level 2	Level 3	Total
	(in thousands)			
Cash equivalents and investments:				
Money market funds	\$ 64,109	\$ —	\$ —	\$ 64,109
Commercial paper	—	4,941	—	4,941
Corporate bonds	—	284,575	—	284,575
U.S. Government agency securities	—	117,369	—	117,369
U.S. Treasury securities	—	1,307,363	—	1,307,363
Strategic investments	—	—	9,409	9,409
Restricted cash:				
Money market funds	—	4,053	—	4,053
<b>Total assets</b>	<b>\$ 64,109</b>	<b>\$ 1,718,301</b>	<b>\$ 9,409</b>	<b>\$ 1,791,819</b>
Accrued expenses and other current liabilities:				
Foreign currency derivative liabilities	\$ —	\$ 584	\$ —	\$ 584
<b>Total liabilities</b>	<b>\$ —</b>	<b>\$ 584</b>	<b>\$ —</b>	<b>\$ 584</b>

The Company considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. The fair value of the Company's investments in certain money market funds is their face value and such instruments are classified as Level 1 and are included in cash and cash equivalents on the consolidated balance sheets. At March 31, 2025 and December 31, 2024, Level 2 securities were priced by pricing vendors. These pricing vendors utilize the most recent observable market information in pricing these securities or, if specific prices are not available for these securities, use other observable inputs like market transactions involving identical or comparable securities. Certain non-marketable strategic investments measured at fair value on a non-recurring basis are classified as Level 3 as their fair value measurements may include a combination of observable and unobservable inputs.

Foreign currency derivative assets and liabilities are classified as Level 2 and are valued using observable inputs, such as quotations on forward and spot rates for currencies, interest rates and credit derivative market rates.

As of March 31, 2025, the fair value of the 2025 Notes was \$744.2 million (Note 10). The fair value was determined based on the quoted price of the 2025 Notes in an inactive market on the last trading day of the reporting period and has been classified as Level 2 within the fair value hierarchy.

For certain other financial instruments, including accounts receivable, accounts payable, and other current liabilities, the carrying amounts approximate their fair value due to the relatively short maturity of these balances.

Restricted cash is comprised of money market funds related to landlord guarantees for leased facilities. These restricted cash balances have been excluded from our cash and cash equivalents balance in our consolidated balance sheets.

## 5. Investments

### *Available-for-sale Investments*

The following tables summarize the composition of our short- and long-term investments at March 31, 2025 and December 31, 2024.

	March 31, 2025			
	Amortized Cost	Unrealized Gains	Unrealized Losses	Aggregate Fair Value
	(in thousands)			
Commercial paper	\$ 3,449	\$ —	\$ —	\$ 3,449
Corporate bonds	301,483	689	(130)	302,042
U.S. Government agency securities	109,364	202	(35)	109,531
U.S. Treasury securities	1,179,230	189	(99)	1,179,320
<b>Total</b>	<b>\$ 1,593,526</b>	<b>\$ 1,080</b>	<b>\$ (264)</b>	<b>\$ 1,594,342</b>

	December 31, 2024			
	Amortized Cost	Unrealized Gains	Unrealized Losses	Aggregate Fair Value
	(in thousands)			
Commercial paper	\$ 4,941	\$ —	\$ —	\$ 4,941
Corporate bonds	284,337	533	(295)	284,575
U.S. Government agency securities	117,158	260	(49)	117,369
U.S. Treasury securities	1,303,384	780	(9)	1,304,155
<b>Total</b>	<b>\$ 1,709,820</b>	<b>\$ 1,573</b>	<b>\$ (353)</b>	<b>\$ 1,711,040</b>

For available-for-sale debt securities, any realized gains and losses are determined based on the specific identification method and are reported in other (expense) income in the consolidated statements of operations. For securities in an unrealized loss position, the Company first assesses whether it intends to sell or it is more likely than not that the Company will be required to sell the security before the recovery of its entire amortized cost basis. If either of these criteria is met, the security's amortized cost basis is written down to fair value through other (expense) income in the consolidated statements of operations. It is noted that the Company does not intend to sell these investments and it is more likely than not that the Company will not be required to sell these investments before recovery of their amortized cost basis.

If neither of the above criteria is met, the Company further assesses whether the decline in fair value below amortized cost is due to credit or non-credit related factors. In making this assessment, the Company considers the extent to which fair value is less than amortized cost, credit ratings, the financial health of the industry and sector of the issuer, the overall risk profile of the securities, overall macroeconomic conditions, and more. Any credit-related unrealized losses are recognized as an allowance on the consolidated balance sheets with a corresponding charge in other (expense) income in the consolidated statements of operations. Non-credit related unrealized losses and unrealized gains on available-for-sale debt securities are included in accumulated other comprehensive income (loss). In considering the underlying risk of its portfolio, the Company notes that it has a zero-loss expectation for U.S. treasury and U.S. government agency securities, which represents the majority of its debt investment available-for-sale securities portfolio. As of March 31, 2025 and December 31 2024, no allowance for credit losses in investments was recorded.

The contractual maturities of short-term and long-term investments held at March 31, 2025 and December 31, 2024 are as follows:

	March 31, 2025		December 31, 2024	
	Amortized Cost Basis	Aggregate Fair Value	Amortized Cost Basis	Aggregate Fair Value
	(in thousands)		(in thousands)	
Due within one year	\$ 1,415,832	\$ 1,417,785	\$ 1,555,656	\$ 1,556,828
Due after 1 year through 2 years	177,694	176,557	154,164	154,212
<b>Total</b>	<b>\$ 1,593,526</b>	<b>\$ 1,594,342</b>	<b>\$ 1,709,820</b>	<b>\$ 1,711,040</b>

### ***Strategic Investments***

Strategic investments that consist of non-controlling equity investments without readily determinable fair values in privately held companies for which the Company does not have the ability to exercise significant influence are measured under the measurement alternative method. These investments are accounted for under the cost method of accounting. Under the cost method of accounting, the non-marketable equity securities are carried at cost less any impairment, plus or minus adjustments resulting from observable price changes in orderly transactions for the identical or a similar investment of the same issuer, which is recorded within the consolidated statement of operations. The Company has certain other non-marketable strategic investments measured at fair value on a non-recurring basis. These investments are included in other assets on the consolidated balance sheets.

The Company has certain strategic investments in non-controlled companies without a readily determinable market value that are accounted for as equity method investments. The investments are included in other assets on the consolidated balance sheets and the Company's proportionate share of the investments' net earnings are reported in the consolidated statements of operations as other income (expense).

The carrying values of Company's strategic investments by type are as follows:

	<u>March 31, 2025</u>	<u>December 31, 2024</u>
	(in thousands)	
Strategic investments under the measurement alternative method	\$ 77,356	\$ 72,456
Strategic investments measured at fair value	14,020	9,409
Strategic investments under the equity method	11,682	11,678
<b>Total</b>	<b>\$ 103,058</b>	<b>\$ 93,543</b>

The following table summarizes the activity associated with the Company's strategic investments, which is reported on the Company's consolidated statement of operations as other income (expense):

	<u>Three Months Ended March 31,</u>	
	<u>2025</u>	<u>2024</u>
	(in thousands)	
Strategic investments:		
Fair value or observable price change adjustments	\$ 115	\$ 16,353
Impairments	(1,600)	(3,615)
<b>Total included in other income (expense)</b>	<b>\$ (1,485)</b>	<b>\$ 12,738</b>

## 6. Derivatives

### *Cash flow hedges*

The Company enters into foreign currency forward contracts to reduce the risk of variability in future cash flow due to foreign currency exchange rate fluctuation from certain forecasted revenue transactions billed in currencies other than the U.S. Dollar. These transactions are designated as cash flow hedges. The foreign currency forward contracts have maturities of 12 months or less. Hedge effectiveness is assessed at inception and at each reporting period utilizing statistical regression analysis. The Company is subject to master netting arrangements with certain counterparties of the contracts, under which the Company is allowed to net settle transactions of the same currency. The Company's policy is to present the derivatives on a gross basis on the consolidated balance sheets. Unrealized foreign exchange gains or losses related to those designated cash flow hedge contracts are recorded in accumulated other comprehensive income ("AOCI") and are reclassified into revenues in the same periods when the hedged transactions are recognized in earnings. Cash flows from the settlement of these forward contracts are classified as operating activities on the consolidated statements of cash flows. As of March 31, 2025, the Company had designated cash flow hedge forward contracts with notional amounts equivalent to \$26.3 million.

The following table presents the activity of foreign currency forward contracts designated as hedging instruments and the impact of these derivatives on AOCI:

	<u>Three Months Ended March 31,</u>	
	<u>2025</u>	<u>2024</u>
	(in thousands)	
Beginning balance at January 1	\$ 921	\$ —
Net losses recognized in other comprehensive income, net of tax	(87)	—
Net losses reclassified from AOCI to earnings	(370)	—
Ending balance at March 31	<b>\$ 464</b>	<b>\$ —</b>

As of March 31, 2025, the Company estimates the net amount of unrealized gain (losses) before tax on the foreign currency contracts expected to be reclassified into revenue over the next 12 months is approximately \$0.7 million.

### *Balance sheet hedges*

The Company also enters into foreign currency forward contracts to hedge certain foreign currency denominated monetary assets or liabilities, which are not designated as cash flow hedges. These contracts have maturities of 12 months or less. Changes in



the value of the foreign exchange contracts are recognized in other income (expense), net and are designed to offset the foreign exchange gain or loss on the underlying net monetary assets or liabilities. Cash flows from the settlement of these forward contracts are classified as operating activities on the consolidated statements of cash flows.

As of March 31, 2025, the Company had non-designated forward contracts with notional amounts of \$7.2 million.

The following summarizes the fair value of derivative financial instruments as of March 31, 2025 and December 31, 2024:

	<u>March 31, 2025</u>	<u>December 31, 2024</u>
	(in thousands)	
Prepaid expenses and other current assets		
Cash flow hedges	\$ 34	\$ —
Balance sheet hedges	72	—
Total	<u>\$ 106</u>	<u>\$ —</u>
Accrued expenses and other current liabilities		
Cash flow hedges	\$ 160	\$ 584
Total	<u>\$ 160</u>	<u>\$ 584</u>

The effect of hedges on the consolidated statements of operations was not material in the three months ended March 31, 2025 and 2024.

## 7. Restricted Cash

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the consolidated balance sheets that sum to the total of the same such amounts shown in the statement of cash flows for the three months ended March 31, 2025 and 2024.

	<u>March 31, 2025</u>	<u>March 31, 2024</u>	<u>December 31,</u> <u>2024</u>
	(in thousands)		
Cash and cash equivalents	\$ 625,029	\$ 447,793	\$ 512,667
Restricted cash, included in prepaid expenses and other current assets and other assets	4,053	4,053	4,053
Total cash, cash equivalents, and restricted cash	<u>\$ 629,082</u>	<u>\$ 451,846</u>	<u>\$ 516,720</u>

## 8. Property and Equipment

Property and equipment consists of the following:

	<u>March 31, 2025</u>	<u>December 31, 2024</u>
	(in thousands)	
Computer equipment and purchased software	\$ 17,335	\$ 16,919
Employee related computer equipment	39,333	36,699
Furniture and fixtures	20,904	20,642
Leasehold improvements	114,004	112,758
Internal-use software	78,855	72,112
Construction in progress	7,343	1,612
Total property and equipment	<u>277,774</u>	<u>260,742</u>
Less accumulated depreciation	<u>(153,959)</u>	<u>(146,577)</u>
Property and equipment, net	<u>\$ 123,815</u>	<u>\$ 114,165</u>

Depreciation and amortization expense on property and equipment was \$7.2 million for the three months ended March 31, 2025 and for the three months ended March 31, 2024.

## 9. Capitalized Software Development Costs

Capitalized software development costs, exclusive of those recorded within property and equipment, consisted of the following:

	<u>March 31, 2025</u>	<u>December 31, 2024</u>
	(in thousands)	
Gross capitalized software development costs	\$ 410,987	\$ 374,127
Accumulated amortization	(241,470)	(219,643)
Capitalized software development costs, net	<u>\$ 169,517</u>	<u>\$ 154,484</u>

These capitalized software development costs are associated with software developed for the Company's customer platform. Capitalized software development costs recorded within property and equipment are associated with software developed for Company use.

Amortization of capitalized software development costs, exclusive of costs recorded within property and equipment, was \$26.3 million for the three months ended March 31, 2025 and \$16.0 million for three months ended March 31, 2024. Amortization expense is included in cost of subscription revenue in the consolidated statement of operations.

## 10. Convertible Senior Notes

### 2025 Convertible Senior Notes and Capped Call Options

In June 2020, the Company issued \$400 million aggregate principal amount of 0.375% convertible senior notes due June 1, 2025 (the "2025 Notes") in a private offering and an additional \$60 million aggregate principal amount of the 2025 Notes pursuant to the exercise in full of the over-allotment options of the initial purchasers. The interest rate is fixed at 0.375% per annum and is payable semi-annually in arrears on June 1 and December 1 of each year. The total net proceeds from the debt offering, after deducting initial purchase discounts and debt issuance costs, were approximately \$450.1 million.

Each \$1,000 of principal amount of the 2025 Notes will initially be convertible into 3.5396 shares of the Company's common stock (the "Conversion Option of the 2025 Notes"), which is equivalent to an initial conversion price of approximately \$282.52 per share, subject to adjustment upon the occurrence of certain specified events. On or after March 1, 2025 until the close of business on the second scheduled trading day immediately preceding the maturity date, holders may convert their 2025 Notes at any time, under certain circumstances as described in the indenture governing the 2025 Notes (the "Indenture"). Upon conversion, the Company will pay or deliver, as the case may be, cash, shares of the Company's common stock or a combination of cash and shares of the Company's common stock, at the Company's election. The Company expects to settle the principal amount of the 2025 Notes in cash. In the three months ended March 31, 2025, upon the election of the holders to convert, the Company settled \$89.8 million of the principal balance of the 2025 Notes in cash.

The net carrying amount of the liability component of the 2025 Notes is as follows:

	<u>March 31, 2025</u>	<u>December 31, 2024</u>
	(in thousands)	
Principal	\$ 369,247	\$ 459,048
Unamortized issuance costs	(364)	(864)
Net carrying amount	<u>\$ 368,883</u>	<u>\$ 458,184</u>

Interest expense related to the 2025 Notes is as follows:

	<u>Three Months Ended March 31,</u>	
	<u>2025</u>	<u>2024</u>
	(in thousands)	
Contractual interest expense	\$ 144	\$ 431
Amortization of issuance costs	500	500
Total interest expense	<u>\$ 644</u>	<u>\$ 931</u>

In connection with the offering of the 2025 Notes, the Company purchased capped call options ("Capped Call Options") with respect to its common stock for \$50.6 million. The Capped Call Options are purchased call options that give the Company the option to purchase up to approximately 1.6 million shares of its common stock for \$282.52 per share, which corresponds to the approximate initial conversion price of the 2025 Notes. The Capped Call Options were purchased in order to offset potential dilution to the

Company's common stock upon any conversion of the 2025 Notes, subject to a cap of \$426.44 per share, and expire concurrently with the 2025 Notes. The Capped Call Options are expected to settle commencing on April 16, 2025 and ending on the 30th trading day thereafter. The \$50.6 million paid for the Capped Call Options is recorded in stockholders' equity as a reduction in additional paid-in capital and the Capped Call Options are not accounted for as separate derivative financial instruments.

## 11. Leases

The Company leases office facilities under non-cancelable operating leases that expire at various dates through February 2035.

Operating lease expense and cash payments related to operating lease liabilities for the three months ended March 31, 2025 and 2024 are as follows:

	Three Months Ended March 31,	
	2025	2024
	(in thousands)	
Operating lease expense	\$ 10,126	\$ 10,111
Cash payments	10,325	15,870

The Company subleases some of its unused spaces to third parties. Operating sublease income generated under all operating lease agreements for the three months ended March 31, 2025 and 2024 are as follows:

	Three Months Ended March 31,	
	2025	2024
	(in thousands)	
Operating sublease income	\$ 1,526	\$ 2,247

## 12. Commitments and Contingencies

### Contractual Obligations

The Company leases its office facilities under non-cancelable operating leases that expire at various dates through February 2035. Certain leases contain optional termination dates. The table below only includes payments up to the optional termination date. If the Company were to extend leases beyond the optional termination date, the future commitments would increase by approximately \$86.0 million.

Future minimum payments under all operating lease agreements as of March 31, 2025 are as follows:

	(in thousands)	
Remainder of 2025	\$	40,494
2026		54,017
2027		48,818
2028		36,069
2029		36,348
Thereafter		130,798
Total	\$	346,544

The Company has entered into certain non-cancelable vendor commitments, which require the future purchase of goods or services. Future minimum payments under all non-cancelable vendor commitments as of March 31, 2025 are as follows:

	(in thousands)	
Remainder of 2025	\$	178,497
2026		247,775
2027		191,606
2028		347
2029		—
Thereafter		—
Total	\$	618,225

The Company also has commitments to contribute additional capital of \$3 million to the Black Economic Development Fund.

### Legal Contingencies

From time to time, the Company may become a party to litigation and subject to claims incident to the ordinary course of business, including intellectual property claims, labor and employment claims, and threatened claims, breach of contract claims, tax, and other matters. The Company currently has no material pending litigation.

### 13. Changes in Accumulated Other Comprehensive Loss

The following table summarizes the changes in accumulated other comprehensive loss, which is reported as a component of stockholders' equity, for the three months ended March 31, 2025 and 2024.

	Cumulative Translation Adjustment	Unrealized Gain (Loss) on Investments	Unrealized Gain (Loss) on Derivate Instruments	Total
	(in thousands)			
Beginning balance at January 1, 2025	\$ (5,928)	\$ 1,195	\$ (921)	\$ (5,654)
Other comprehensive (loss) income before reclassifications	2,945	(408)	87	2,624
Amounts reclassified from accumulated other comprehensive income, net of tax, to revenue	—	—	370	370
Ending balance at March 31, 2025	<u>\$ (2,983)</u>	<u>\$ 787</u>	<u>\$ (464)</u>	<u>\$ (2,660)</u>

	Cumulative Translation Adjustment	Unrealized Loss on Investments	Total
	(in thousands)		
Beginning balance at January 1, 2024	\$ 950	\$ 877	\$ 1,827
Other comprehensive (loss) income before reclassifications	(2,044)	(2,763)	(4,807)
Amounts reclassified from accumulated other comprehensive income, net of tax, to revenue	—	—	—
Ending balance at March 31, 2024	<u>\$ (1,094)</u>	<u>\$ (1,886)</u>	<u>\$ (2,980)</u>

### 14. Stock-Based Compensation Expense

The following two tables show stock-based compensation expense by award type and where the stock-based compensation expense is recorded in the Company's consolidated statements of operations:

	Three Months Ended March 31,	
	2025	2024
	(in thousands)	
Options	\$ 1,294	\$ 2,570
RSUs	105,927	99,830
PSUs	4,898	4,827
Employee stock purchase plan	4,574	3,895
Total stock-based compensation expense	<u>\$ 116,693</u>	<u>\$ 111,122</u>

	Three Months Ended March 31,	
	2025	2024
	(in thousands)	
Cost of revenue, subscription	\$ 7,697	\$ 4,960
Cost of revenue, professional services and other	930	1,086
Research and development	56,797	50,627
Sales and marketing	31,604	35,157
General and administrative	19,665	19,292
Total stock-based compensation expense	<u>\$ 116,693</u>	<u>\$ 111,122</u>

Capitalized software development costs excluded from stock-based compensation expense were \$11.8 million for the three months ended March 31, 2025 and \$8.8 million for the three months ended March 31, 2024.

## 15. Segment Information and Geographic Data

The Company provides a customer platform that helps businesses connect and grow better. The Company generates revenue from subscriptions to its customer platform and related professional services and other revenue consisting mainly of customer on-boarding, training and consulting services and Commerce Hub.

The Company operates as one operating segment. Operating segments are defined as components of an enterprise for which separate financial information is regularly evaluated by the CODM, which is the Company's chief executive officer, in deciding how to allocate resources and assess performance. The Company's CODM evaluates the Company's financial information and resources and assesses the performance of these resources on a consolidated basis. There is no expense or asset information supplemental to those disclosed in these consolidated financial statements that is regularly provided to the CODM. The allocation of resources and assessment of performance of the operating segment is based on consolidated net (loss) income as shown in the consolidated statements of operations. The CODM considers net (loss) income in the annual forecasting process and reviews actual results when making decisions about allocating resources. Since the Company operates as one operating segment, financial segment information, including profit or loss and asset information, can be found in the consolidated financial statements.

### *Geographic information*

Revenues by geographical region:

	Three Months Ended March 31,	
	2025	2024
	(in thousands)	
Americas	\$ 438,471	\$ 374,546
Europe	219,667	193,123
Asia Pacific	55,999	49,745
Total	<u>\$ 714,137</u>	<u>\$ 617,414</u>
Percentage of revenues generated outside of the Americas	<u>39%</u>	<u>39%</u>

Revenue derived from customers outside the United States (international) was approximately 47% of total revenue in the three months ended March 31, 2025 and 2024. Revenues attributed to the United States were 97% and 96% of Americas in the three months ended March 31, 2025 and 2024. Revenues attributed to Ireland were 52% and 49% of Europe in the three months ended March 31, 2025 and 2024.

Total long-lived assets by geographical region:

	As of March 31, 2025	As of December 31, 2024
	(in thousands)	
Americas	\$ 235,119	\$ 231,984
Europe	94,183	93,288
Asia Pacific	10,503	5,123
Total long-lived assets	<u>\$ 339,805</u>	<u>\$ 330,395</u>
Percentage of long-lived assets held outside of the Americas	<u>31%</u>	<u>30%</u>

Long-lived assets attributed to the United States were 97% of Americas as of March 31, 2025 and December 31, 2024. Long-lived assets attributed to Ireland were 80% of Europe as of March 31, 2025 and December 31, 2024.

## 16. Business Acquisitions

On January 6, 2025, the Company acquired all outstanding shares of Frame Technology, Inc. (“Frame AI”), an AI-powered conversation intelligence platform. The total cash purchase price for the acquisition was \$50.9 million, net of cash acquired. There was approximately \$8.2 million of post-combination consideration, which is contingent upon post-acquisition employment that will be recognized as compensation expense in the consolidated statement of operations over a period of two years. The transaction costs associated with the acquisition were approximately \$1.0 million and were recorded in general and administrative expense.

The following table summarizes the preliminary fair value of assets acquired and liabilities assumed as of the date of acquisition. The Company expects to finalize the valuation as soon as practicable and no later than one year from the acquisition date.

	<u>Fair value</u> <u>(in thousands)</u>
Cash	\$ 527
Accounts receivable	592
Acquired technology	6,300
Goodwill	44,998
Accrued expenses and other liabilities	(804)
Deferred revenue	(169)
Total purchase price	<u>\$ 51,444</u>

The excess of the purchase consideration over the fair value of net tangible and identifiable intangible assets and liabilities acquired was recorded as goodwill. The Company expects to derive value from Frame AI's capabilities by accelerating its ability to unify structured and unstructured data across the customer journey at scale and empower go-to-market teams to transform conversations into actionable intelligence. The goodwill recognized is not deductible for U.S. income tax purposes.

The intangible asset acquired in the business combination was developed technology and the fair value of the developed technology was estimated to be \$6.3 million. The developed technology was valued using a replacement cost approach and the key assumptions include the Company's estimates of the direct and indirect costs required to replace the asset. The Company began amortizing the acquired technology on the date of acquisition over a period of five years on a straight-line basis. The amortization expense is recorded to cost of subscription revenue in the consolidated statements of operations.

The Company has included the operating results of Frame AI in its consolidated financial statements since the date of the acquisition. The acquisition did not have a material effect on the revenue or earnings in the consolidated statement of operations for the reporting periods presented. Separate financial results and pro forma financial information for Frame AI have not been presented as the effect of this acquisition was not material to our financial results.

## **17. Subsequent Events**

### ***2025 Notes Conversions***

Between March 31, 2025 and the date of filing this Form 10-Q, the Company settled \$143.6 million of the principal balance of the 2025 Notes in cash in response to conversion notices received in the three months ended March 31, 2025.

### ***Business Acquisition***

On April 25, 2025, the Company entered into a definitive agreement to acquire all outstanding shares of Dashworks Technologies, Inc. (“Dashworks”), an AI-powered knowledge search assistant, for cash consideration of approximately \$25.0 million, subject to customary post-closing adjustments and conditions. The acquisition is expected to close during the second quarter of 2025. Upon completion of the transactions, the acquisition will bring together Dashworks' deep search and reasoning expertise with the Company's vision to give every go-to-market team member an AI assistant. The Company is in the process of finalizing the accounting for this transaction and expects to complete the preliminary purchase price allocation in the second quarter of 2025. This acquisition is not expected to have material impact on the Company's 2025 financial results.

### ***Share Repurchase Program***

On May 6, 2025, the Company's Board of Directors authorized a share repurchase program for the repurchase of shares of the Company's common stock, in an aggregate amount of up to \$500.0 million (the “2025 Share Repurchase Program”) over a period of up to 12 months. All repurchases under the program will be made in the open market, through privately negotiated transactions or other legally permissible means, including pursuant to 10b5-1 plans, and in compliance with applicable securities laws and other requirements. The 2025 Share Repurchase Program will be funded using the Company's working capital. The timing, manner, price, and amount of the 2025 Share Repurchase Program will be subject to the discretion of the Company's management and does not obligate the Company to acquire a specified number of shares, and may be suspended, modified, or terminated at any time, without prior notice.

## Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations

*The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our consolidated financial statements and related notes appearing elsewhere in this Quarterly Report on Form 10-Q and our Annual Report on Form 10-K for the year ended December 31, 2024 filed with the SEC on February 12, 2025. As discussed in the section titled “Special Note Regarding Forward-Looking Statements,” the following discussion and analysis contains forward-looking statements that involve risks and uncertainties, as well as assumptions that, if they never materialize or prove incorrect, could cause our results to differ materially from those expressed or implied by such forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those identified below, and those discussed in the section titled “Risk Factors” included under Part II, Item 1A below.*

### Company Overview

We provide a customer platform that helps businesses connect and grow better. We deliver seamless connection for customer-facing teams with a unified platform that includes three layers: AI-powered engagement hubs, a Smart CRM, and a connected ecosystem that extends the customer platform with app marketplace integrations, a community network, and an academy of educational content.

Our AI-powered engagement hubs include Marketing, Sales, Service, Operations, Content, and Commerce, as well as other tools and integrations that enable companies to attract, engage, and delight customers throughout the customer lifecycle. Our customer platform features a central database of lead and customer interactions and integrated applications designed to help businesses attract visitors to their websites, convert visitors into leads, close leads into customers, transact with those customers, and delight them so they become promoters of those businesses.

Breeze is our AI that powers the customer platform, including our Smart CRM, engagement Hubs, and the connected ecosystem. The core of our customer platform is our Smart CRM: a unified data platform of lead and customer information that allows businesses to track their interactions with contacts and customers, manage their customer activities, report on their pipeline and sales, and manage and govern their team and business processes. Our customer platform was built to easily and seamlessly integrate third party applications to further customize to an individual company’s industry or needs. As data is becoming more important to our customers’ success and a differentiator for our business, there is a need to move quickly on data enrichment.

We designed and built our customer platform to serve a broad range of customers globally. Our customer platform starts completely free and grows with our customers to meet their needs at different stages in their life-cycles. It supports multiple languages and currencies and offers an array of sophisticated features, including content partitioning at the enterprise level for companies operating in or serving multiple countries.

We focus on selling to mid-market business-to-business, or B2B, companies, which we define as companies that have between two and 2,000 employees. While our customer platform was built to grow with any company, we focus on selling to mid-market businesses because we believe we have significant competitive advantages attracting and serving this market segment. These mid-market businesses seek an integrated, easy-to-implement and easy-to-use solution to reach customers and compete with organizations that have larger marketing, sales, and customer service budgets. We efficiently reach these businesses at scale through our traditional and AI-enhanced engagement strategies, our Solutions Partners, and our “freemium” model. A Solutions Partner is a service provider that helps businesses with strategy, execution, and implementation of go-to-market activities and technology solutions. Our freemium model attracts customers who begin using our customer platform through our free products and then upgrade to our paid products. As of March 31, 2025, we had 8,574 full-time employees and 258,258 Customers of varying sizes in more than 135 countries, representing many industries.

We derive most of our revenue from subscriptions to our cloud-based customer platform and related professional services, which consist of customer on-boarding, training and consulting services. Subscription revenue accounted for 98% of our total revenue for the three months ended March 31, 2025 and 2024. We sell multiple product plans at different base prices on a subscription basis, each of which includes our Smart CRM and integrated applications to meet the needs of the various customers we serve. We also generate revenue through usage and consumption-based models. Customers pay additional fees if the number of contacts stored and tracked in the customer’s database exceeds specified thresholds. We also generate additional revenue based on the purchase of additional subscriptions, products and seats, and the number of account users. Most of our Customers’ subscriptions are one year or less in duration.

Subscriptions are billed in advance on various schedules. Because the mix of billing terms for orders can vary from period to period, the annualized value of the orders we enter into with our customers will not be completely reflected in deferred revenue at any single point in time. Accordingly, we do not believe that change in deferred revenue is an accurate indicator of future revenue.



Many of our customers purchase on-boarding, training, and consulting services, which are designed to help customers enhance their ability to attract, engage and delight their customers using our customer platform. We also generate revenue from Commerce Hub and a number of revenue-share agreements with other companies. Professional services and other revenue accounted for 2% of total revenue for three months ended March 31, 2025 and 2024.

We have focused on rapidly growing our business and plan to continue to make investments to help us address some of the challenges facing us to support this growth, such as demand for our customer platform by existing and new customers, significant competition from other customer platform providers and related applications and rapid technological changes in our industry.

We believe that the growth of our business is dependent on many factors, including our ability to expand our customer base, increase adoption of our customer platform within existing customers, develop new products and applications to extend the functionality of our customer platform and provide a high level of customer service. We have invested and intend to continue investing for long-term growth. We intend to continue to invest in sales and marketing to support our growth. We plan to continue to invest in research and development as we continue to introduce new products and applications to extend the functionality of our customer platform. We intend to continue maintaining a high level of customer service and support which we consider critical for our continued success. We also plan to continue investing in our data center infrastructure and services capabilities in order to support continued future customer growth. We also expect to continue to incur additional general and administrative expenses as a result of both our growth and the infrastructure required to be a public company. We expect to use our cash flow from operations to fund these growth strategies and support our business and may break-even from a profitability perspective in the next 12 months.

### **Global Economic Conditions**

Our results of operations may be significantly influenced by general macroeconomic conditions, including, but not limited to, the impact of pandemics, geo-political conflicts, foreign currency fluctuations, interest rates, inflation, recession risks, tariffs or other trade restrictions, existing and new domestic and foreign laws and regulations, all of which are beyond our control. Fluctuations in foreign exchange rates and rising inflation have had, and may continue to have an adverse impact on our financial condition and operating results in future periods. As we continue to monitor the direct and indirect impacts of these circumstances, the broader implications of these macroeconomic events on our business, results of operations and overall financial position, particularly in the long term, remain uncertain. See the section titled "Risk Factors" included under Part II, Item 1A below for further discussion of the possible impact of these factors and other risks on our business.

### **Key Business Metrics**

**Customers.** We believe that our ability to increase our customer base is an indicator of our market penetration, the growth of our business, and our potential future business opportunities as we continue to expand our sales force and invest in marketing efforts. We define our Customers at the end of a particular period as the number of business entities with one or more paid subscriptions to our customer platform either purchased directly with us or purchased from a Solutions Partner. A single customer may have separate paid subscriptions to our customer platform, but we count these as one Customer if certain customer-provided information such as company name, URL, or email address indicate that these subscriptions are managed by the same business entity.

**Average Subscription Revenue per Customer.** We believe that our ability to increase the Average Subscription Revenue per Customer is an indicator of our ability to grow the long-term value of our existing customer relationships. We define Average Subscription Revenue per Customer during a particular period as subscription revenue from our Customers during the period divided by the average Customers during the same period.

**Net Revenue Retention.** We believe that our ability to retain and expand a customer relationship is an indicator of the stability of our revenue base and the long-term value of our Customers. Net Revenue Retention is a measure of the percentage of recurring revenue retained from Customers over a given period of time. Our Net Revenue Retention for a given period is calculated by first dividing Retained Subscription Revenue by Retention Base Revenue in the given period, calculating the weighted average of these rates using the Retention Base Revenue for the period, and then annualizing the resulting rates. A definition of each of the key terms used to calculate Net Revenue Retention is included below.

*Retained Subscription Revenue.* Contractual Monthly Subscription Revenue of the same cohort of Customers as those that comprise the Retention Base Revenue at the end of the same month.

*Retention Base Revenue.* Contractual Monthly Subscription Revenue of our Customers as of the beginning of each month.

*Contractual Monthly Subscription Revenue.* The subscription fees contractually committed to be paid for a full month under our Customer agreements, converted into USD at fixed rates that are held consistent over time, excluding commissions owed to our Solutions Partners.

## **Key Components of Consolidated Statements of Operations**

### **Revenue**

We derive our revenue from two major sources, revenue from subscriptions to our customer platform and professional services and other revenue consisting mainly of on-boarding, training, consulting services fees, and Commerce Hub.

Subscription-based revenue is derived from customers using our customer platform for their marketing, sales, service, operations, and content management needs. Our customer platform includes a system of engagement for efficiently engaging customers through SEO, web content, social, blogging, email, marketing automation, messaging, support ticketing, knowledge base, commerce, conversation routing, video hosting, and data enrichment. Over 1,700 integrations and applications are available for our users, across a wide range of categories, including integrations with leading social media, email, sales, video, analytics, content and webinar tools. All subscription fees that are billed in advance of service are recorded in deferred revenue. Subscription based revenue is recognized net of consideration paid to Solutions Partners when those Solutions Partners purchase a subscription to our customer platform.

Professional services and other revenue are derived primarily from customer on-boarding, training, consulting services, and Commerce Hub. Depending on which Hubs and services a customer purchases, they receive on-boarding guidance or one-on-one training from one of our on-boarding, inbound consultants, or technical consultants via web meetings. Training is generally sold in connection with a customer's initial subscription and is billed in advance. The training is also available to be purchased separately following a customer's purchase of its initial subscription and our Solutions Partners routinely provide the same training to customers. We also derive revenue from a number of revenue-share agreements with other companies.

### **Cost of Revenue, Operating and Other Expenses**

#### ***Cost of Revenue***

Cost of subscription revenue consists primarily of managed hosting providers and other third-party service providers, employee-related costs including payroll, benefits and stock-based compensation expense for our customer support team, amortization of capitalized software development costs and acquired technology, and allocated overhead costs, which we define as facilities, depreciation of fixed assets, and costs related to information technology.

Cost of professional services and other revenue consists primarily of personnel costs of our professional services organization, including salaries, benefits, bonuses and stock-based compensation, amortization of capitalized software development costs associated with our internally built software platform, as well as professional fees and allocated overhead costs, which we define as facilities, depreciation of fixed assets, and costs related to information technology. It also consists of costs associated with our other service offerings, including Commerce Hub.

We expect that the cost of subscription and professional services and other revenue will increase in absolute dollars as we continue to invest in growing our business. Over time, we expect to gain benefits of scale associated with our costs of hosting our customer platform relative to subscription revenues, resulting in improved subscription gross margin, exclusive of stock-based compensation. We expect professional services and other margins to break-even in the next 12 months, exclusive of stock-based compensation.

#### ***Research and Development***

Research and development expenses consist primarily of personnel costs of our development team, including payroll, benefits and stock-based compensation expense, professional and contractor fees and allocated overhead costs. We capitalize certain software development costs that are attributable to developing new products and adding incremental functionality to our customer platform and amortize such costs as costs of subscription and cost of professional services and other revenue over the estimated life of the new product or incremental functionality, which is generally two years. We also capitalize certain development costs that are attributable to developing our internally developed software platforms and amortize such costs throughout the consolidated statement of operations over the estimated life of our internally developed software platforms, which is generally five years. We focus our research and development efforts on improving our products and developing new ones, delivering new functionality and enhancing the customer experience. We believe delivering new functionality for our customers is an integral part of our solution and provides our customers

with access to a broad array of options and information critical to their marketing, sales, and customer service efforts. We expect to continue to make investments in and expand our offerings to enhance our customers' experience and satisfaction and attract new customers. Over time, we expect research and development expenses to increase in absolute dollars as we continue to increase the functionality of our customer platform and remain consistent as a percentage of total revenue, exclusive of stock-based compensation expense.

### ***Sales and Marketing***

Sales and marketing expenses consist primarily of personnel costs of our sales and marketing employees, including sales commissions and incentives, benefits and stock-based compensation expense, marketing programs, including lead generation, costs of our annual INBOUND conference, other brand building expenses, amortization of intangible assets, professional and contractor fees and allocated overhead costs. Sales and marketing expenses also include commissions paid to our Solutions Partners in instances where the end customer purchases and pays for a subscription to our customer platform. We defer certain sales and Solutions Partner commissions related to acquiring new contracts and amortize them ratably over a period of benefit that we have determined to be approximately two to four years.

We plan to continue to invest in sales and marketing to grow our customer base and increase sales to existing customers. This growth will include adding sales personnel and expanding our marketing activities to continue to generate leads and build brand awareness. We expect sales and marketing expenses to increase in absolute dollars as we continue to develop our sales and marketing teams. Over time, we expect sales and marketing expenses will decline as a percentage of total revenue, exclusive of stock-based compensation.

### ***General and Administrative***

General and administrative expenses consist of personnel costs and related expenses for executive, finance, legal, human resources, employee-related information technology, administrative personnel, including payroll, benefits and stock-based compensation expense, professional fees for external legal, accounting and other consulting services, and allocated overhead costs. We expect that general and administrative expenses will increase on an absolute dollar basis as we incur the costs of compliance associated with being a publicly trade company, and remain relatively consistent as a percentage of total revenue, exclusive of stock-based compensation expense, as we focus on processes, systems and controls to enable our internal support functions to scale with the growth of our business. Over time, we expect general and administrative expenses to remain consistent as a percentage of total revenue, exclusive of stock-based compensation.

### ***Restructuring***

Restructuring expenses primarily consist of variable lease costs related to properties vacated under our restructuring plan. On January 25, 2023, the Company's board of directors authorized a restructuring plan (the "Restructuring Plan") that was designed to reduce operating costs and enable investment in key opportunities for long-term growth while driving continued profitability. The Restructuring Plan included a reduction of the Company's workforce by approximately 7% and a global lease consolidation to create higher density across our workspaces. Future variable facilities related costs for vacated properties will continue to be recorded to restructuring charges.

### ***Other Income (Expense)***

Interest income primarily consists of interest earned on invested cash and cash equivalents balances and investments. Interest expense primarily consists of amortization of issuance costs and contractual interest expense related to our 2025 Notes. Other income (expense) primarily consists of the impact of foreign currency transaction gains and losses associated with monetary assets and liabilities and any gains, losses, or impairments on our strategic investments.

### ***Income Tax Expense***

Income tax expense consists of current and deferred taxes for U.S. and foreign jurisdictions.

## Results of Operations for the Three Months Ended March 31, 2025 and 2024

The following tables set forth our results of operations for the periods presented and as a percentage of our total revenue for those periods. The data has been derived from the unaudited consolidated financial statements contained in this Quarterly Report on Form 10-Q which include, in our opinion, all adjustments, consisting only of normal recurring adjustments, that we consider necessary for a fair statement of the financial position and results of operations for the interim periods presented. The period-to-period comparison of financial results is not necessarily indicative of financial results to be achieved in future periods.

(dollars in thousands)	Three Months Ended March 31,	
	2025	2024
Revenues:		
Subscription	\$ 698,728	\$ 603,798
Professional services and other	15,409	13,616
Total revenue	714,137	617,414
Cost of revenues:		
Subscription	100,230	80,725
Professional services and other	14,877	14,363
Total cost of revenues	115,107	95,088
Gross profit	599,030	522,326
Operating expenses:		
Research and development	220,100	175,637
Sales and marketing	326,697	300,282
General and administrative	78,633	68,858
Restructuring	1,080	782
Total operating expenses	626,510	545,559
Loss from operations	(27,480)	(23,233)
Other income (expense)		
Interest income	20,564	18,727
Interest expense	(644)	(935)
Other (expense) income	(2,309)	13,161
Total other income	17,611	30,953
(Loss) income before income tax expense	(9,869)	7,720
Income tax expense	(11,924)	(1,786)
Net (loss) income	\$ (21,793)	\$ 5,934

	Three Months Ended March 31,	
	2025	2024
Revenue:		
Subscription	98%	98%
Professional services and other	2	2
Total revenue	100	100
Cost of revenue:		
Subscription	14	13
Professional services and other	2	2
Total cost of revenue	16	15
Gross profit	84	85
Operating expenses:		
Research and development	31	28
Sales and marketing	46	49
General and administrative	11	11
Restructuring	0	0
Total operating expenses	88	88
Loss from operations	(4)	(4)
Total other income	2	5
(Loss) income before income tax expense	(1)	1
Income tax expense	(2)	(0)
Net (loss) income	(3)%	1%

Percentages are based on actual values. Totals may not sum due to rounding.

## Three Months Ended March 31, 2025 Compared to the Three Months Ended March 31, 2024

### Revenue

(dollars in thousands)	Three Months Ended March 31,		\$ Change	% Change
	2025	2024		
Revenues:				
Subscription	\$ 698,728	\$ 603,798	\$ 94,930	16%
Professional services and other	15,409	13,616	1,793	13%
Total revenue	\$ 714,137	\$ 617,414	\$ 96,723	16%

Subscription revenue increased during the three months ended March 31, 2025 compared to the same period in 2024 primarily due to the increase in Customers, which grew from 216,060 as of March 31, 2024 to 258,258 as of March 31, 2025. Average Subscription Revenue per Customer decreased from \$11,447 for the three months ended March 31, 2024 to \$11,038 for the three months ended March 31, 2025. The growth in Customers was primarily driven by increased demand for our lower-priced Starter products. The decrease in Average Subscription Revenue per Customer was primarily driven by continued purchases of our lower-priced Starter products and the impact of foreign currency translation primarily attributable to the increase in the value of the U.S. Dollar relative to the Euro and British Pound Sterling, offset by increased demand for our Professional and Enterprise products.

Professional services and other revenue increased during the three months ended March 31, 2025 compared to the same period in 2024 primarily due to an increase in other revenue streams, including Commerce Hub.

### Cost of Revenue, Gross Profit and Gross Margin Percentage

(dollars in thousands)	Three Months Ended March 31,		\$ Change	% Change
	2025	2024		
Total cost of revenue	\$ 115,107	\$ 95,088	\$ 20,019	21%
Gross profit	\$ 599,030	\$ 522,326	\$ 76,704	15%
Gross margin percentage	84%	85%		

Total cost of revenue for the three months ended March 31, 2025 increased compared to the same period in 2024 primarily due to an increase in subscription and hosting costs, amortization of capitalized software development costs, and amortization of acquired technology, offset by decreases in allocated overhead expenses and employee-related costs. Gross margins remained relatively consistent year-over-year.

(dollars in thousands)	Three Months Ended March 31,		\$ Change	% Change
	2025	2024		
Subscription cost of revenue	\$ 100,230	\$ 80,725	\$ 19,505	24%
Percentage of subscription revenue	14%	13%		

The increase in subscription cost of revenue for the three months ended March 31, 2025 compared to the same period in 2024 was primarily due to the following:

	Change Three Months (in thousands)
Subscription and hosting costs	\$ 11,150
Amortization of capitalized software development costs	9,014
Amortization of acquired technology	296
Employee-related costs	(688)
Allocated overhead expenses	(267)
	\$ 19,505

Subscription and hosting costs increased primarily due to growth in our Customer base from 216,060 as of March 31, 2024 to 258,258 as of March 31, 2025. We also saw higher subscription and hosting costs as we continued to focus on the security, reliability and performance of our customer platform. Amortization of capitalized software development costs increased due to the increased number of developers working on our software platform as we continued to develop new products and increased functionality. Amortization of acquired technology increased due to the amortization of acquired technology associated with our acquisition of Frame AI in January 2025. Employee-related costs decreased as a result of improved resource alignment and operational efficiencies.

Allocated overhead expenses decreased primarily due to the decreased proportional allocation of shared company expenses associated with headcount in subscription cost of revenue.

(dollars in thousands)	Three Months Ended March 31,		\$ Change	% Change
	2025	2024		
Professional services and other cost of revenue	\$ 14,877	\$ 14,363	\$ 514	4%
Percentage of professional services and other revenue	97%	105%		

The increase in professional services and other cost of revenue for three months ended March 31, 2025 compared to the same period in 2024 was primarily due to the following:

	Change Three Months (in thousands)
Commerce payment processing fees	\$ 2,086
Amortization of capitalized software development costs	1,031
Allocated overhead expenses	(516)
Employee-related costs	(2,087)
	<u>\$ 514</u>

Commerce payment processing fees increased due to higher payment volume and merchant activity. Amortization of capitalized software development costs increased as we continued to increase functionality with our internally build software platform. Allocated overhead expenses decreased primarily due to the decreased proportional allocation of shared company expenses associated with headcount in subscription cost of revenue. Employee-related costs decreased as we continue to leverage our Solutions Partners to deliver on-boarding and other professional services.

#### Research and Development

(dollars in thousands)	Three Months Ended March 31,		\$ Change	% Change
	2025	2024		
Research and development	\$ 220,100	\$ 175,637	\$ 44,463	25%
Percentage of total revenue	31%	28%		

The increase in research and development expense for the three months ended March 31, 2025 compared to the same period in 2024 was primarily due to the following:

	Change Three Months (in thousands)
Employee-related costs	\$ 41,287
Allocated overhead expenses	3,176
	<u>\$ 44,463</u>

Employee-related costs increased as a result of increased headcount as we continued to grow our engineering organization to develop new products, increase functionality and to maintain our existing customer platform. Allocated overhead expenses increased due to an increase in shared company expenses associated with our systems and infrastructure as we continued to grow our business and increased proportional allocation of shared company expenses associated with headcount in research and development.

#### Sales and Marketing

(dollars in thousands)	Three Months Ended March 31,		\$ Change	% Change
	2025	2024		
Sales and marketing	\$ 326,697	\$ 300,282	\$ 26,415	9%
Percentage of total revenue	46%	49%		

The increase in sales and marketing expense for the three months ended March 31, 2025 compared to the same period in 2024 was primarily due to the following:

	<u>Change Three Months (in thousands)</u>
Employee-related costs	\$ 12,557
Marketing programs	5,091
Solutions Partner commissions	7,155
Allocated overhead expenses	1,612
	<u>\$ 26,415</u>

Employee-related costs increased as a result of increased headcount as we expanded our selling and marketing organizations to grow our customer base. Marketing programs increased due to the timing and size of certain marketing efforts as we made investments in attracting new customers. Solutions Partner commissions increased as a result of increased revenue generated through our Solutions Partners. Allocated overhead expenses increased due to an increase in shared company expenses associated with our systems and infrastructure.

#### **General and Administrative**

<u>(dollars in thousands)</u>	<u>Three Months Ended March 31,</u>		<u>\$ Change</u>	<u>% Change</u>
	<u>2025</u>	<u>2024</u>		
General and administrative	\$ 78,633	\$ 68,858	\$ 9,775	14%
Percentage of total revenue	11%	11%		

The increase in general and administrative expense for the three months ended March 31, 2025 compared to the same period in 2024 was primarily due to the following:

	<u>Change Three Months (in thousands)</u>
Employee-related costs	\$ 5,649
Customer credit card fees	1,050
Professional fees	1,554
Allocated overhead expenses	1,522
	<u>\$ 9,775</u>

Employee-related costs increased as a result of increased headcount as we grew our business and required additional personnel to support our expanded operations. Customer credit card fees increased due to increased customer transactions as we continued to grow our business. Professional fees increased primarily due to increase in the use of third-party services and contractors. Allocated overhead expenses increased due to an increase in shared company expenses associated with our systems and infrastructure as we continued to grow our business.

#### **Restructuring**

<u>(dollars in thousands)</u>	<u>Three Months Ended March 31,</u>		<u>\$ Change</u>	<u>% Change</u>
	<u>2025</u>	<u>2024</u>		
Restructuring	\$ 1,080	\$ 782	\$ 298	n/a
Percentage of total revenue	*	*		

Restructuring charges in the three months ended March 31, 2025 and 2024 consisted of variable facilities-related costs on unused space.

#### **Interest income**

<u>(dollars in thousands)</u>	<u>Three Months Ended March 31,</u>		<u>\$ Change</u>	<u>% Change</u>
	<u>2025</u>	<u>2024</u>		
Interest income	\$ 20,564	\$ 18,727	\$ 1,837	10%
Percentage of total revenue	3%	3%		

The increase during the three months ended March 31, 2025 is primarily due to higher average investment balances, slightly offset by lower average yields on those investments.

### Interest expense

(dollars in thousands)	Three Months Ended March 31,		\$ Change	% Change
	2025	2024		
Interest expense	\$ (644)	\$ (935)	\$ 291	31%
Percentage of total revenue	*	*		

\* not meaningful

Interest expense decreased slightly due to the early conversion of a portion of our 2025 notes during the three months ended March 31, 2025.

### Other income (expense)

(dollars in thousands)	Three Months Ended March 31,		\$ Change	% Change
	2025	2024		
Other (expense) income	\$ (2,309)	\$ 13,161	\$ (15,470)	(118)%
Percentage of total revenue	*	2%		

\* not meaningful

The change in other income (expense) during three months ended March 31, 2025 is primarily due to the following:

	Change Three Months (in thousands)
Foreign currency gains and losses	\$ (1,247)
Impairment of strategic investments	2,015
Gain on strategic investments	(16,238)
	<u>\$ (15,470)</u>

The decrease in the impairment of strategic investments is due to an impairment of \$3.6 million in the first quarter of 2024 compared to \$1.6 million loss in 2025. The decrease in gain on strategic investments is due to gains of \$16.4 million from observable price changes in the value of certain strategic investments in the first quarter of 2024 that did not occur in 2025. The change in foreign currency gains and losses transactions is primarily attributable to the value of the U.S. Dollar relative to the Euro and British Pound Sterling.

### Income tax expense

(dollars in thousands)	Three Months Ended March 31,		\$ Change	% Change
	2025	2024		
Income tax expense	\$ (11,924)	\$ (1,786)	\$ (10,138)	568%
Effective tax rate	121%	(23)%		

The increase in income tax expense was primarily driven by an uneven mix in U.S. pre-tax earnings and losses.

### Liquidity and Capital Resources

Our principal sources of liquidity to date have been cash and cash equivalents, net accounts receivable, our common stock offerings, and our convertible notes offerings.

The following table shows cash and cash equivalents, working capital, net cash and cash equivalents provided by operating activities, net cash and cash equivalents used in investing activities, and net cash and cash equivalents provided by financing activities



for the three months ended March 31, 2025 and 2024.

	Three Months ended March 31,	
	2025	2024
	(in thousands)	
Cash and cash equivalents	\$ 625,029	\$ 447,793
Working capital	1,036,775	1,025,618
Net cash and cash equivalents provided by operating activities	161,570	127,088
Net cash and cash equivalents provided by (used in) investing activities	22,562	(74,131)
Net cash and cash equivalents (used in) provided by financing activities	(80,330)	11,155

Our cash and cash equivalents at March 31, 2025 were held for working capital purposes and for a business acquisition (See Note 17 of the notes to consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q). At March 31, 2025, \$250.7 million of our cash and cash equivalents was held in accounts outside the United States. We do not assert indefinite reinvestment of our foreign earnings because these earnings have been subject to United States Federal tax. While we have concluded that any incremental tax incurred upon ultimate distribution of these earnings to be immaterial, our current plans do not demonstrate a need to repatriate undistributed earnings to fund our U.S. operations.

Cash from operations could be affected by various risks and uncertainties detailed in the section titled “Risk Factors” included under Part II, Item 1A. However, based on our current business plan and revenue prospects, we believe that our existing cash, cash equivalents and investment balances, and our anticipated cash flows from operations will be sufficient to meet our working capital and operating resource expenditure requirements for the next twelve months.

#### *Net Cash and Cash Equivalents Provided by Operating Activities*

Net cash and cash equivalents provided by operating activities consists primarily of net (loss) income adjusted for certain non-cash items, including stock-based compensation, depreciation and amortization and other non-cash charges, net.

Net cash and cash equivalents provided by operating activities during the three months ended March 31, 2025 primarily reflected our net loss of \$21.8 million, \$28.8 million of depreciation and amortization, \$116.7 million in stock-based compensation and an impairment of strategic investments of \$1.6 million, \$0.5 million of amortization of debt discount and issuance costs, offset by non-cash expenses that included \$14.0 million accretion of bond discounts, and \$2.7 million of unrealized currency translation. Working capital sources of cash and cash equivalents primarily included a \$39.4 million increase in deferred revenue primarily resulting from the growth in the number of customers invoiced during the period, a \$45.7 million decrease in accounts receivable related to increased collection, a \$18.0 million increase in accounts payable related to timing of bill payments, and a \$6.4 million decrease in right-of-use asset. These sources of cash and cash equivalents were offset by a \$26.4 million increase in prepaid expenses and other assets, a \$7.5 million decrease in operating lease liabilities, a \$27.2 million increase in deferred commissions, and \$1.2 million decrease in accrued expenses and other liabilities.

Net cash and cash equivalents provided by operating activities during the three months ended March 31, 2024 primarily reflected our net income of \$5.9 million, \$21.2 million of depreciation and amortization, \$111.1 million in stock-based compensation and an impairment of strategic investments of \$3.6 million, \$0.5 million of amortization of debt discount and issuance costs, offset by non-cash expenses that included \$12.6 million accretion of bond discounts, a gain on strategic investments of \$16.4 million, and \$0.5 million of unrealized currency translation. Working capital sources of cash and cash equivalents primarily included a \$31.2 million increase in deferred revenue primarily resulting from the growth in the number of customers invoiced during the period, a \$25.4 million decrease in accounts receivable related to increased collection, and a \$6.4 million decrease in right-of-use asset. These sources of cash and cash equivalents were offset by a \$5.5 million increase in prepaid expenses and other assets, a \$12.7 million decrease in operating lease liabilities, a \$17.0 million increase in deferred commissions, a \$1.3 million decrease in accounts payable related to timing of bill payments, and \$13.3 million decrease in accrued expenses and other liabilities.

#### *Net Cash and Cash Equivalents Provided by (Used in) Investing Activities*

Our investing activities have consisted primarily of purchases and maturities of investments, property and equipment purchases, purchases of strategic investments, capitalization of software development costs, and business acquisitions. Capitalized software development costs are related to new products or improvements to our existing software platform that expands the functionality for our customers.

Net cash and cash equivalents provided by investing activities during the three months ended March 31, 2025 consisted primarily of \$674.4 million purchases of investments, \$13.3 million of purchased property and equipment, \$11.0 million purchases of strategic investments, \$51.4 million related to business acquisitions, and \$30.4 million of capitalized software development costs. These uses of cash were offset by \$803.1 million received related to the maturity of investments.

Net cash and cash equivalents used in investing activities during the three months ended March 31, 2024 consisted primarily of \$399.4 million purchases of investments, \$5.9 million of purchased property and equipment, and \$21.6 million of capitalized software development costs. These uses of cash were offset by \$352.8 million received related to the maturity of investments.

#### *Net Cash and Cash Equivalents (Used in) Provided by Financing Activities*

Our financing activities have consisted primarily of the repayment of our 2025 Notes, the issuance of common stock under our stock plans, and payments of employee taxes related to the net share settlement of stock-based awards.

For the three months ended March 31, 2025 cash provided in financing activities consisted of \$19.3 million of proceeds related to issuance of common stock under stock plans, offset by \$9.1 million used for payment of employee taxes related to the net share settlement of stock-based awards and \$90.6 million for repayments of the 2025 Notes attributable to the principal.

For the three months ended March 31, 2024 cash provided in financing activities consisted of \$19.9 million of proceeds related to issuance of common stock under stock plans, offset by \$8.8 million used for payment of employee taxes related to the net share settlement of stock-based awards.

#### **Liquidity and Capital Resources Considerations**

##### *Contractual Obligations and Commitments*

Contractual obligations are cash that we are obligated to pay as part of certain contracts that we have entered during our course of business. Our contractual obligations consist of operating lease liabilities that are included in our consolidated balance sheet and vendor commitments associated with agreements that are legally binding. As of March 31, 2025, the total obligation for operating leases was \$346.5 million, of which \$54.7 million is expected in the next twelve months. As of March 31, 2025, our vendor commitment was \$618.2 million, of which \$240.4 million is expected in the next twelve months. See Note 12 for all obligations the Company is committed to in the notes to the consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q.

##### *Convertible Senior Notes*

As of March 31, 2025, the carrying value was \$368.9 million for our 2025 Notes. The interest rate is fixed at 0.375% for the 2025 Notes and the notes are due June 1, 2025. The Company expects to settle the principal amount of the 2025 Notes in cash. Between March 31, 2025 and the date of filing this report, the Company settled \$143.6 million of the principal balance of the 2025 Notes in cash in response to conversion notices received prior to March 31, 2025. See Note 10 and Note 17 of the notes to consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q.

##### *Letters of Credit*

As of March 31, 2025, we had a total of \$4.1 million in letters of credit outstanding for office space. These irrevocable letters of credit are expected to remain in effect, in some cases, until 2029.

##### *Off-Balance Sheet Arrangements*

We have no material off-balance sheet arrangements as of March 31, 2025 exclusive of items described above and indemnifications of officers, directors and employees for certain events or occurrences while the officer, director or employee is, or was, serving at our request in such capacity.

#### **Critical Accounting Policies and Estimates**

There have been no significant changes in our critical accounting policies and estimates during the three months ended March 31, 2025 as compared to the critical accounting policies and estimates disclosed in our Annual Report on Form 10-K for the year ended December 31, 2024.

#### **Recent Accounting Pronouncements**

For information on recent accounting pronouncements, see *Recent Accounting Pronouncements* in the notes to the consolidated financial statements appearing elsewhere in this Quarterly Report on Form 10-Q.

### Item 3. Quantitative and Qualitative Disclosures About Market Risk

#### *Foreign Currency Exchange Risk*

We have foreign currency risks related to our revenue, cost of revenue, and operating expenses denominated in currencies other than the U.S. dollar. Since we translate foreign currencies into U.S. dollars for financial reporting purposes, currency fluctuations can have an impact on our financial results.

We have experienced and will continue to experience fluctuations in our net (loss) income as a result of transaction gains or losses related to revaluing monetary assets and liabilities that are denominated in currencies other than the functional currency of the entities in which they are recorded. Our hedging program allows us to mitigate foreign exchange impacts, such as exposure to currency exchange rates in connection with significant transactions denominated in currencies other than the U.S. dollar, by entering into derivatives transactions such as foreign exchange forwards. See Note 6 in the notes to the consolidated financial statements appearing elsewhere in this Quarterly Report on Form 10-Q for impact of the hedging program on our financial statements.

#### *Interest Rate Sensitivity*

Our portfolio of cash and cash equivalents and short- and long-term investments is maintained in a variety of securities, including government agency obligations, corporate bonds and money market funds. Investments are classified as available-for-sale securities and carried at their fair market value with cumulative unrealized gains or losses recorded as a component of accumulated other comprehensive loss within stockholders' equity. A sharp rise in interest rates could have an adverse impact on the fair market value of certain securities in our portfolio. We do not currently hedge our interest rate exposure and do not enter into financial instruments for trading or speculative purposes.

#### *Market Risk and Market Interest Risk*

In June 2020, we issued \$460 million aggregate principal amount of convertible senior notes due June 1, 2025, of which \$369.2 million remains outstanding as of March 31, 2025. The fair value of the 2025 Notes is subject to interest rate risk, market risk and other factors due to the convertible feature. The fair value of the 2025 Notes will generally increase as our common stock price increases and will generally decrease as our common stock price declines in value. The interest and market value changes affect the fair value of the 2025 Notes but do not impact our financial position, cash flows or results of operations due to the fixed nature of the debt obligation. Generally, the fair values of the 2025 Notes will increase as interest rates fall and decrease as interest rates rise. Additionally, we carry the 2025 Notes at face value less unamortized discount on our balance sheet, and we present the fair value for required disclosure purposes only. The Federal Reserve has raised, and may continue to raise interest rates in an effort to combat high inflation. There continues to be uncertainty in the changing market and economic conditions, including the possibility or additional measures that could be taken by the Federal Reserve and other government agencies, related to concerns over inflation risk.

The table below provides a sensitivity analysis of hypothetical 10% changes of our stock price as of March 31, 2025 and the estimated impact on the fair value of the 2025 Notes. The selected scenarios are not predictions of future events, but rather are intended to illustrate the effect such an event may have on the fair value of the 2025 Notes.

#### **2025 Notes**

<b>Hypothetical change in HubSpot stock price</b>	<b>Fair value</b>	<b>Estimated change in fair value</b>	<b>Hypothetical percentage increase (decrease) in fair value</b>
10% increase	\$ 818,148	\$ 73,938	10%
No change	\$ 744,210	\$ —	—
10% decrease	\$ 668,810	\$ (75,400)	(10)%

### Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures. Our management, with the participation of our principal executive officer and principal financial officer, has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), as of the end of the period covered by this Quarterly Report on Form 10-Q. Based on such evaluation, our principal executive officer and principal financial officer have concluded that as of such date, our disclosure controls and procedures were effective.

Changes in Internal Control Over Financial Reporting. There was no change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the period covered by this Quarterly Report on Form 10-Q that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Inherent Limitations of Internal Controls. Our management, including our Chief Executive Officer and Chief Financial Officer, does not expect that our disclosure controls and procedures or our internal controls will prevent all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of a simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the control. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Over time, controls may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

## PART II

### Other Information

#### Item 1. Legal Proceedings

From time to time we may become involved in legal proceedings or be subject to claims arising in the ordinary course of our business. Although the results of litigation and claims cannot be predicted with certainty, we currently believe that the final outcome of these ordinary course matters will not have a material adverse effect on our business, operating results, financial condition or cash flows. Regardless of the outcome, litigation can have an adverse impact on us because of defense and settlement costs, diversion of management resources and other factors.

#### Item 1A. RISK FACTORS

*An investment in our common stock involves a high degree of risk. You should carefully consider the risks described below and the other information in this Quarterly Report on Form 10-Q and in our other public filings before making an investment decision. Our business, prospects, financial condition, or operating results could be harmed by any of these risks, as well as other risks not currently known to us or that we currently consider immaterial. If any such risks and uncertainties actually occurs, our business, financial condition or operating results could differ materially from the plans, projections and other forward-looking statements included in the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" and elsewhere in this Quarterly Report on Form 10-Q and in our other public filings. The trading price of our common stock could decline due to any of these risks, and, as a result, you may lose all or part of your investment.*

#### Risks Related to Our Business and Strategy

***We are dependent upon customer renewals, the addition of new customers, increased revenue from existing customers and the continued growth of the market for a customer platform.***

We derive, and expect to continue to derive, a substantial portion of our revenue from the sale of subscriptions to our customer platform. The market for marketing, sales, service, operations, commerce and customer management products is still evolving, and competitive dynamics may cause pricing levels to change as the market matures and as existing and new market participants introduce new types of point applications and different approaches to enable businesses to address their respective needs. As a result, we may be forced to, or strategically choose to, reduce the prices we charge for our platform and may be unable to renew existing customer agreements or enter into new customer agreements at the same prices and upon the same terms that we have historically. In addition, our growth strategy involves a scalable pricing model (including freemium versions of our products and our recent seats-based pricing model changes) intended to provide opportunities to increase the value of our customer relationships over time, including as customers expand their use of our platform, or we sell to other parts of their organizations, cross-sell additional products and seats through touchless or low touch in product purchases, and upsell additional offerings and features. If our scalable pricing and cross-selling efforts are unsuccessful or if our existing customers do not expand their use of our platform or adopt additional offerings and features, or if the anticipated benefits from scalable pricing take longer to realize or are not realized at all, our revenue and operating results may suffer.

***Our subscription renewal rates may decrease, and any decrease could harm our future revenue and operating results.***

Our customers have no obligation to renew their subscriptions for our platform after the expiration of their subscription periods, substantially all of which are one year or less. In addition, our customers may seek to renew for lower subscription tiers, for fewer contacts or seats, or for shorter contract lengths. Also, customers may choose not to renew their subscriptions for a variety of reasons. Our renewal rates may decline or fluctuate as a result of a number of factors, including limited customer resources, pricing changes, the prices of services offered by our competitors, adoption and utilization of our platform and add-on applications by our customers, adoption of our new products, customer satisfaction with our platform, mergers and acquisitions affecting our customer base, reductions in our customers' spending levels or declines in customer activity as a result of economic downturns or uncertainty in financial markets. If our customers do not renew their subscriptions for our platform or decrease the amount they spend with us, our revenue will decline and our business will suffer.

In addition, a subscription model creates certain risks related to the timing of revenue recognition and potential reductions in cash flows. A portion of the subscription-based revenue we report each quarter results from the recognition of deferred revenue relating to subscription agreements entered into during previous quarters. In addition, we do not record deferred revenue beyond

amounts invoiced as a liability on our consolidated balance sheets. A decline in new or renewed subscriptions in any period may not be immediately reflected in our reported financial results for that period, but may result in a decline in our revenue in future quarters. If we were to experience significant downturns in subscription sales and renewal rates, our reported financial results might not reflect such downturns until future periods.

***We face significant competition from both established and new companies in the software market in which we operate, which may harm our ability to add new customers, retain existing customers and grow our business.***

The software market in which we operate is evolving, highly competitive and significantly fragmented. With the introduction of new technologies and the potential entry of new competitors into the market, we expect competition to persist and intensify in the future, which could harm our ability to increase sales, maintain or increase renewals and maintain our prices.

We face intense competition from other software companies in the market we operate that provide interactive marketing services. Competition could significantly impede our ability to sell subscriptions to our customer platform on terms favorable to us. Our current and potential competitors may develop and market new technologies including as a result of new or better use of evolving AI technologies that render our existing or future products less competitive, or obsolete. In addition, if these competitors develop products with similar or superior functionality to our platform, we may need to decrease the prices or accept less favorable terms for our platform subscriptions in order to remain competitive. If we are unable to maintain our pricing due to competitive pressures, our margins will be reduced and our operating results will be negatively affected.

Our competitors include:

- cloud-based marketing automation providers;
- email marketing software vendors;
- sales force automation and CRM software vendors;
- large-scale enterprise suites;
- customer service software providers; and
- content management systems.

In addition, instead of using our platform, some prospective customers may elect to combine disparate point applications, such as content management, marketing automation, CRM, analytics and social media management. We expect that new competitors, such as enterprise software vendors that have traditionally focused on enterprise resource planning or other applications supporting back office functions, will develop and introduce applications serving customer-facing and other front office functions. This development could have an adverse effect on our business, operating results and financial condition. In addition, sales force automation and CRM vendors could acquire or develop applications that compete with our sales and CRM offerings. Some of these companies have acquired social media marketing and other marketing software providers to integrate with their broader offerings.

Our current and potential competitors may have significantly more financial, technical, marketing and other resources than we have, be able to devote greater resources to the development, promotion, sale and support of their products and services, may have more extensive customer bases and broader customer relationships than we have, and may have longer operating histories and greater name recognition than we have. As a result, these competitors may respond faster to new technologies and undertake more extensive marketing campaigns for their products. In a few cases, these vendors may also be able to offer a customer platform at little or no additional cost by bundling it with their existing suite of applications. To the extent any of our competitors has existing relationships with potential customers for either marketing software or other applications, those customers may be unwilling to purchase our platform because of their existing relationships with our competitor. If we are unable to compete with such companies, the demand for our customer platform could substantially decline.

In addition, if one or more of our competitors were to merge or partner with another of our competitors, our ability to compete effectively could be adversely affected. Our competitors may also establish or strengthen cooperative relationships with our current or future strategic distribution and technology partners or other parties with whom we have relationships, thereby limiting our ability to promote and implement our platform. We may not be able to compete successfully against current or future competitors, and competitive pressures may harm our business, operating results and financial condition.

***We have experienced rapid growth and organizational change in recent periods and expect growth of headcount and operations over the long-term. If we fail to manage growth and organizational change effectively, we may be unable to execute our business***

***plan, maintain high levels of service or address competitive challenges adequately.***

Our headcount and operations continue to grow. For example, we had 8,574 full-time employees as of March 31, 2025 and 8,246 as of December 31, 2024. To date, we have opened several international offices. This growth has placed, and will continue to place, a significant strain on our management, administrative, operational and financial infrastructure. We expect to continue to grow headcount and operations over the long-term. We anticipate future growth will be required over the long term to address increases in our product offerings and continued expansion. Our success will depend in part upon our ability to recruit, hire, train, manage and integrate qualified managers, technical personnel and employees in specialized roles within our company, including in technology, sales and marketing. Furthermore, as many of our employees work remotely from geographic areas across jurisdictions where we have offices pursuant to our hybrid workplace model, which provides our employees with the option to be fully remote, work full-time from one of our offices, or have the flexibility to work both in the office and remotely, we may need to reallocate our investment of resources and closely monitor a variety of local regulations and requirements, including local tax laws. We may experience unpredictability in our expenses and employee work culture. If we experience any of these effects in connection with future growth, if our new employees perform poorly, or if we are unsuccessful in recruiting, hiring, training, managing and integrating new employees, or retaining our existing employees, it could materially impair our ability to attract new customers, retain existing customers and expand their use of our platform, all of which would materially and adversely affect our business, financial condition and results of operations.

***Failure to effectively develop and expand our customer platform capabilities could harm our ability to increase our customer base and achieve broader market acceptance of our platform.***

To increase customers and achieve broader market acceptance of our customer platform, we will need to continue to expand our customer platform capabilities, including our sales force and third-party channel partners. We will continue to dedicate significant resources to sales and marketing programs. The effectiveness of our sales and marketing and third-party channel partners has varied over time and may vary in the future and depends on our ability to maintain and improve our customer platform including with respect to AI and machine learning. All of these efforts will require us to invest significant financial and other resources. Our business will be seriously harmed if our efforts do not generate a correspondingly significant increase in revenue. We may not achieve anticipated revenue growth from expanding our sales force if we are unable to hire, develop and retain talented sales personnel, if our new sales personnel are unable to achieve desired productivity levels in a reasonable period of time or if our sales and marketing programs are not effective.

***The rate of growth of our business depends on the continued participation and level of service of our Solutions Partners.***

We rely on our Solutions Partners to provide certain services to our customers, as well as pursue sales of our customer platform to customers. To the extent we do not attract new Solutions Partners, or existing or new Solutions Partners do not refer a growing number of customers to us, due to changes in our Solutions Partner relationship models or otherwise, our revenue and operating results would be harmed. In addition, if our Solutions Partners do not continue to provide services to our customers, we would be required to provide such services ourselves either by expanding our internal team or engaging other third-party providers, which would increase our operating costs.

***If we fail to maintain our thought leadership position, our business may suffer.***

We believe that maintaining our thought leadership position in the customer platform space is an important element in attracting new customers. We devote significant resources to develop and maintain our thought leadership position, with a focus on identifying and interpreting emerging trends, shaping and guiding industry dialog and creating and sharing the best practices. Our activities related to developing and maintaining our thought leadership may not yield increased revenue, and even if they do, any increased revenue may not offset the expenses we incurred in such effort. We rely upon the continued services of our management and employees with domain expertise with marketing, sales, services, operations, commerce and content management, and the loss of any key employees in this area could harm our competitive position and reputation. If we fail to successfully grow and maintain our thought leadership position, we may not attract enough new customers or retain our existing customers, and our business could suffer.

***If we fail to further enhance our brand and maintain our existing strong brand awareness, our ability to expand our customer base will be impaired and our financial condition may suffer.***

We believe that our development of the HubSpot brand is critical to achieving widespread awareness of our existing and future solutions, and, as a result, is important to attracting new customers and maintaining existing customers. In the past, our efforts to build our brand have involved significant expenses, and we believe that this investment has resulted in strong brand recognition in the B2B market. Successful promotion and maintenance of our brands will depend largely on the effectiveness of our marketing efforts and on our ability to provide a reliable and useful customer platform at competitive prices. Brand promotion activities may not yield increased

revenue, and even if they do, any increased revenue may not offset the expenses we incurred in building our brand. If we fail to successfully promote and maintain our brand, our business could suffer.

***If we fail to adapt and respond effectively to rapidly changing technology, evolving industry standards and changing customer needs or requirements, our customer platform may become less competitive.***

Our future success depends on our ability to adapt and innovate our customer platform. To attract new customers and increase revenue from existing customers, we need to continue to enhance and improve our offerings to meet customer needs at prices that our customers are willing to pay. Such efforts will require adding new functionality and responding to technological advancements, including AI and machine learning, which will increase our research and development costs. If we are unable to develop new applications that address our customers' needs, or to enhance and improve our platform in a timely manner, we may not be able to maintain or increase market acceptance of our platform. Our ability to grow is also subject to the risk of future disruptive technologies. Access and use of our customer platform is provided via the cloud, which, itself, was disruptive to the previous enterprise software model. If new technologies emerge that are able to deliver marketing software and related applications at lower prices, more efficiently, more conveniently or more securely, such technologies could adversely affect our ability to compete.

***If we fail to offer high-quality customer support, our business and reputation may suffer.***

High-quality education, training and customer support are important for the successful marketing, sale and use of our customer platform and for the renewal of existing customers. Providing this education, training and support requires that our personnel who manage our online training resource, HubSpot Academy, or provide customer support have specific domain knowledge and expertise, making it more difficult for us to hire qualified personnel and to scale up our support operations. The importance of high-quality customer support will increase as we expand our business and pursue new customers. If we do not help our customers use multiple applications within our customer platform and provide effective ongoing support, our ability to sell additional functionality and services to, or to retain, existing customers may suffer and our reputation with existing or potential customers may be harmed.

***We may not be able to scale our business quickly enough to meet our customers' growing needs and if we are not able to grow efficiently, our operating results could be harmed.***

As usage of our customer platform grows and as customers use our platform for additional applications, such as sales and services, we will need to devote additional resources to improving our application architecture, integrating with third-party systems and maintaining infrastructure performance. In addition, we will need to appropriately scale our internal business systems and our services organization, including customer support and professional services, to serve our growing customer base, particularly as our customer demographics change over time. Any failure of or delay in these efforts could cause impaired system performance and reduced customer satisfaction. These issues could reduce the attractiveness of our customer platform to customers, resulting in decreased sales to new customers, lower renewal rates by existing customers, the issuance of service credits, or requested refunds, which could impede our revenue growth and harm our reputation. Even if we are able to upgrade our systems and expand our staff, any such expansion will be expensive and complex, requiring management's time and attention. We could also face inefficiencies or operational failures as a result of our efforts to scale our infrastructure. Moreover, there are inherent risks associated with upgrading, improving and expanding our information technology systems. We cannot be sure that the expansion and improvements to our infrastructure and systems will be fully or effectively implemented on a timely basis, if at all.

***Our ability to introduce new products and features, including new products and features that utilize AI, is dependent on adequate research and development resources. If we do not adequately fund our research and development efforts, we may not be able to compete effectively and our business and operating results may be harmed.***

To remain competitive, we must continue to develop new product offerings, applications, features and enhancements to our existing customer platform. Maintaining adequate research and development personnel and resources to meet the demands of the market is essential. If we are unable to develop our platform internally due to certain constraints, such as high employee turnover, lack of management ability or a lack of other research and development resources, we may miss market opportunities. Further, many of our competitors expend a considerably greater amount of funds on their research and development programs, and those that do not may be acquired by larger companies that would allocate greater resources to our competitors' research and development programs. Our failure to maintain adequate research and development resources or to compete effectively with the research and development programs of our competitors could materially adversely affect our business.

The development of next-generation solutions that utilize new and advanced features, including AI and machine learning, such as Breeze, involves making predictions regarding the willingness of the market to adopt such technologies over legacy solutions. The Company may be required to commit significant resources to developing new products, software and services, such as Breeze, before knowing whether such investment will result in products or services that the market will accept.



The Company's inability, for technological or other reasons, some of which may be beyond the Company's control, to enhance, develop, introduce and monetize products and services in a timely manner, or at all, in response to changing market conditions or customer requirements could have a material adverse effect on the Company's business, results of operations and financial condition or could result in its products and services not achieving market acceptance or becoming obsolete. In addition, if the Company fails to deliver a compelling customer experience or accurately predict emerging technological trends and the changing needs of customers and end users, or if the features of its new products and services do not meet the demands of its customers or are not sufficiently differentiated from those of its competitors, the Company's business, results of operations and financial condition could be materially harmed.

Uncertainty around new and emerging AI applications such as generative AI content creation, including Breeze, may require additional investment in the development or acquisition of proprietary datasets, machine learning models and systems to test for accuracy, bias and other variables, which are often complex. Development of new approaches and processes to provide attribution or remuneration to content creators and building and/or integrating systems that enable creatives to have greater control over the use of their work in the development of AI may be costly and could impact our profit margin if we are unable to monetize such assets. In addition, AI technologies, including generative AI, may create content that appears correct but is factually inaccurate or flawed, or contains copyrighted or other protected material, and if our customers or others use this flawed content to their detriment, we may be exposed to brand or reputational harm, competitive harm, and/or legal liability. Developing, testing and deploying AI systems may also increase the cost profile of our offerings due to the nature of the computing costs involved in such systems.

***Changes in the sizes or types of businesses that purchase our platform or in the applications within our customer platform purchased or used by our customers could negatively affect our operating results.***

Our strategy is to sell subscriptions to our customer platform to mid-sized businesses, but we have sold and will continue to sell to organizations ranging from small businesses to enterprises. Our gross margins can vary depending on numerous factors related to the implementation and use of our customer platform, including the sophistication and intensity of our customers' use of our platform and the level of professional services and support required by a customer. Sales to enterprise customers may entail longer sales cycles and more significant selling efforts. Selling to small businesses may involve greater credit risk and uncertainty. If there are changes in the mix of businesses that purchase our platform or the mix of the product plans purchased by our customers, our gross margins could decrease and our operating results could be adversely affected.

***We have in the past completed acquisitions and may continue to acquire or invest in other companies or technologies in the future, which could divert management's attention, fail to meet our expectations, result in additional dilution to our stockholders, increase expenses, disrupt our operations or harm our operating results.***

We have in the past acquired, and we may in the future acquire or invest in, businesses, products or technologies that we believe could complement or expand our platform, enhance our technical capabilities or otherwise offer growth opportunities. For example, in December 2023, we acquired APIHub, Inc. d.b.a Clearbit ("Clearbit"), a B2B data provider, in October 2024, we acquired Cacheflow Inc. ("Cacheflow"), a B2B subscription billing management and CPQ solution, and in January 2025, we acquired Frame AI, an AI-powered conversation intelligence platform. We may not be able to fully realize the anticipated benefits of historical or any future acquisitions. The pursuit of potential acquisitions may divert the attention of management and cause us to incur various expenses related to identifying, investigating and pursuing suitable acquisitions, whether or not they are consummated.

There are inherent risks in integrating and managing acquisitions. If we acquire additional businesses, we may not be able to assimilate or integrate the acquired personnel, operations and technologies successfully or effectively manage the combined business following the acquisition and our management may be distracted from operating our business. We also may not achieve the anticipated benefits from the acquired business due to a number of factors, including: unanticipated costs or liabilities associated with the acquisition; incurrence of acquisition-related costs, which would be recognized as a current period expense; the inability to generate sufficient revenue to offset acquisition or investment costs; the inability to maintain relationships with customers and partners of the acquired business; the difficulty of incorporating acquired technology and rights into our platform and of maintaining quality and security standards consistent with our brand; delays in customer purchases due to uncertainty related to any acquisition; the need to integrate or implement additional controls, procedures and policies; challenges caused by distance, language and cultural differences; harm to our existing business relationships with business partners and customers as a result of the acquisition; the potential loss of key employees; use of resources that are needed in other parts of our business and diversion of management and employee resources; and use of substantial portions of our available cash or the incurrence of debt to consummate the acquisition. Acquisitions also increase the risk of unforeseen legal and compliance liabilities, including for potential violations of applicable law or industry rules and regulations, arising from prior or ongoing acts or omissions by the acquired businesses which are not discovered by due diligence during the acquisition process, including data handling and privacy violations. Generally, if an acquired business fails to meet our expectations, our operating results, business and financial condition may suffer. Acquisitions could also result in dilutive

issuances of equity securities or the incurrence of debt, which could adversely affect our business, results of operations or financial condition.

In addition, a significant portion of the purchase price of companies we acquire may be allocated to goodwill and other intangible assets, which must be assessed for impairment at least annually. If our acquisitions do not ultimately yield expected returns, we may be required to make charges to our operating results based on our impairment assessment process, which could harm our results of operations.

***We are subject to risks associated with our strategic investments, including partial or complete loss of invested capital. Significant changes in the fair value of this portfolio, including changes in the valuation of our investments in privately held companies, could negatively impact our financial results.***

We have made, and expect in the future to make, strategic investments in privately held companies and private limited partnerships. While we invest in companies that we believe have the potential to transform their industries, improve customer experiences, help us expand our solution ecosystem or support other corporate initiatives, we may still experience unforeseen brand or reputational harm associated with our investments. We may also experience challenges from regulatory authorities in connection with our investments, including from antitrust authorities who are increasingly scrutinizing technology investments, and which may lead to unforeseen expenditures or which may block, delay or impose undesirable conditions on transactions involving our investment portfolio. Our investments range from early-stage companies to more mature companies with established revenue streams and business models. Many such companies generate net losses and the market for their products, services or technologies may be slow to develop, and, therefore, they are dependent on the availability of later rounds of financing from banks or investors on favorable terms to continue their operations. Investments in early-stage companies are inherently speculative, as these companies may not yet be revenue-generating and could still be in the process of developing their products and services at the time of our investment. The financial success of our investment in any company or partnership is typically dependent on a liquidity event, such as a public offering, acquisition or other favorable market event reflecting appreciation to the cost of our initial investment. In certain cases, our ability to sell these investments may be impacted by contractual obligations to hold the securities for a set period of time after a public offering. All of our investments are subject to a risk of partial or total loss of invested capital.

We anticipate future volatility in our consolidated statements of operations due to changes in market prices, observable price changes and impairments of our strategic investments. The resulting gains or losses could be material depending on market conditions and events, particularly in periods with economic uncertainty, inflation, geopolitical conflict, volatile public equity markets or unsettled global market conditions.

***Because our long-term growth strategy involves further expansion of our sales to customers outside the United States, our business will be susceptible to risks associated with international operations.***

A component of our growth strategy involves the further expansion of our operations and customer base internationally. We have formed several international entities and may plan to form additional entities in the future. These international operations focus primarily on sales, professional services and support, and select international locations have development teams. Our current international operations and future initiatives will involve a variety of risks, including:

- difficulties in maintaining our company culture with a dispersed and distant workforce;
- more stringent regulations relating to data security and the unauthorized use of, or access to, commercial and personal data, particularly in the European Union;
- unexpected changes in regulatory requirements, taxes or trade laws, including tariffs or other trade restrictions;
- differing labor regulations, especially in the European Union, where labor laws are generally more advantageous to employees as compared to the United States, including deemed hourly wage and overtime regulations in these locations;
- challenges inherent in efficiently managing an increased number of employees over large geographic distances, including the need to implement appropriate systems, policies, benefits and compliance programs;
- difficulties in managing a business in new markets with diverse cultures, languages, customs, legal systems, alternative dispute systems and regulatory systems;
- currency exchange rate fluctuations and the resulting effect on our revenue and expenses, and the cost and risk of entering into hedging transactions;
- global economic uncertainty caused by global political events, including changes in trade policies, including trade wars, tariffs or other trade restrictions or the threat of such actions;

- limitations on our ability to reinvest earnings from operations in one country to fund the capital needs of our operations in other countries;
- limited or insufficient intellectual property protection;
- international disputes, wars, political instability or terrorist activities and resulting economic instability;
- likelihood of potential or actual violations of domestic and international anticorruption laws, such as the U.S. Foreign Corrupt Practices Act and the U.K. Bribery Act, or of U.S. and international export control and sanctions regulations, which likelihood may increase with an increase of sales or operations in foreign jurisdictions and operations in certain industries; and
- adverse tax burdens and foreign exchange controls that could make it difficult to repatriate earnings and cash.

Our limited experience in operating our business internationally increases the risk that any potential future expansion efforts that we may undertake will not be successful. If in the future, we invest substantial time and resources to expand our international operations and are unable to do so successfully and in a timely manner, our business and operating results will suffer. We continue to implement policies and procedures to facilitate our compliance with U.S. laws and regulations applicable to or arising from our international business. Inadequacies in our past or current compliance practices may increase the risk of inadvertent violations of such laws and regulations, which could lead to financial and other penalties that could damage our reputation and impose costs on us.

***Social and ethical issues relating to the use of new and evolving technologies, such as AI, in our offerings may result in reputational harm and liability.***

Social and ethical issues relating to the use of new and evolving technologies such as AI in our offerings, may result in reputational harm and liability, and may cause us to incur additional research and development costs to resolve such issues. We are increasingly building AI into many of our offerings, including early-stage generative AI features. As with many innovations, AI presents risks and challenges that could affect its adoption, and therefore our business. If we enable or offer solutions that draw controversy due to their perceived or actual impact on human rights, privacy, employment, or in other social contexts, we may experience brand or reputational harm, competitive harm or legal liability. Potential government regulation related to AI use and ethics may also increase the burden and cost of research and development in this area, and failure to properly remediate AI usage or ethics issues may cause public confidence in AI to be undermined, which could slow adoption of AI in our products and services. The rapid evolution of AI will require the application of resources to develop, test and maintain our products and services to help ensure that AI is implemented ethically in order to minimize unintended, harmful impact.

**Risks Related to Employee Matters**

***If we cannot maintain our company culture as we experience changes in our workforce, we could lose the innovation, teamwork, passion and focus on execution that we believe contribute to our success and our business may be harmed.***

We believe that a critical component to our success has been our company culture, which is based on transparency and personal autonomy. We have invested substantial time and resources in building our team within this company culture. In 2020, we made the decision to permanently move to a hybrid workplace model, which means our employees have the option to be fully remote, work full-time from one of our offices, or work both in the office and remotely. Preservation of our corporate culture has been made more difficult as the majority of our workforce works from home. Any failure to preserve our culture could negatively affect our ability to retain and recruit personnel and to effectively focus on and pursue our corporate objectives. As we grow and continue to develop our company infrastructure, and experience organizational change, we may find it difficult to maintain these important aspects of our company culture and our business may be adversely impacted.

***We rely on our management team and other key employees, and the loss of one or more key employees could harm our business.***

Our success and future growth depend upon the continued services of our management team, including our co-founders, Brian Halligan and Dharmesh Shah, our chief executive officer, Yamini Rangan, and other key employees in the areas of research and development, marketing, sales, services, operations, and general and administrative functions. From time to time, there may be changes in our management team resulting from the hiring or departure of executives, which could disrupt our business. We also are dependent on the continued service of our existing software engineers and information technology personnel because of the complexity of our platform, technologies and infrastructure. We may terminate any employee's employment at any time, with or without cause, and any employee may resign at any time, with or without cause. We do not have employment agreements with any of our key personnel. The loss of one or more of our key employees could harm our business.

***The failure to attract and retain additional qualified personnel could prevent us from executing our business strategy.***

To execute our business strategy, we must attract and retain highly qualified personnel. In particular, we compete with many other companies for software developers with high levels of experience in designing, developing and managing cloud-based software, as well as for skilled information technology, marketing, sales and operations professionals, and we may not be successful in attracting and retaining the professionals we need. Also, our customer platform domain experts are very important to our success and are difficult to replace. We have from time to time in the past experienced, and we expect to continue to experience in the future, difficulty in hiring and difficulty in retaining highly skilled employees with appropriate qualifications worldwide. Many of the companies with which we compete for experienced personnel have greater resources than we do. Other companies that continue to offer a remote or hybrid work environment may increase the competition for such employees from employers outside of our traditional office locations. In addition, if we choose to no longer offer a remote or hybrid work environment, we may face more difficulty in retaining our workforce. Further, labor is subject to external factors that are beyond our control, including our industry's highly competitive market for skilled workers and leaders, cost inflation, and workforce participation rates. In addition, if our reputation were to be harmed, whether as a result of media, legislative, or regulatory scrutiny or otherwise, it could make it more difficult to attract and retain personnel that are critical to the success of our business.

In addition, in making employment decisions, particularly in the software industry, job candidates often consider the value of equity incentives they are to receive in connection with their employment. If the price of our stock declines, or experiences significant volatility, our ability to attract or retain key employees will be adversely affected. If we fail to attract new personnel or fail to retain and motivate our current personnel, our growth prospects could be severely harmed.

**Risks Related to Global Economic Conditions**

***We are exposed to fluctuations in currency exchange rates that could adversely affect our financial results.***

We face exposure to movements in currency exchange rates, which may cause our revenue and operating results to differ materially from expectations. As we have expanded our international operations, our exposure to exchange rate fluctuations has increased. Fluctuations in the value of the U.S. dollar versus foreign currencies may impact our operating results when translated into U.S. dollars. Thus, our results of operations and cash flows are subject to fluctuations due to changes in foreign currency exchange rates and may be adversely affected in the future due to changes in foreign currency exchange rates. As exchange rates vary, revenue, cost of revenue, operating expenses and other operating results, when re-measured, may differ materially from expectations. In addition, our operating results are subject to fluctuation if our mix of U.S. and foreign currency denominated transactions and expenses changes in the future. In the first quarter of 2024, we implemented a hedging program intended to allow us to mitigate foreign exchange impacts, such as exposure to currency exchange rates in connection with significant transactions denominated in currencies other than the U.S. dollar, by entering into derivatives transactions such as foreign exchange forwards. We may also employ certain other strategies in the future to mitigate foreign currency risk. There can be no guarantee or assurance that such hedging program and the strategies we employ pursuant thereto will be effective to reduce or eliminate our exposure to foreign exchange rate fluctuations to the extent we anticipate, or at all. Furthermore, the hedging program and the derivatives transactions employed as part thereof involve costs and risks of their own, including ongoing management time and expertise, external costs to implement the programs and strategies, potential counterparty credit risk and liquidity risk, and potential accounting implications. Additionally, as we anticipate growing our business further outside of the United States, the effects of movements in currency exchange rates will increase as our transaction volume outside of the United States increases.

***Weakened global economic conditions may harm our industry, business and results of operations.***

Our overall performance depends in part on worldwide economic conditions. Global financial developments and downturns seemingly unrelated to us or the software industry may harm us. The United States and other key international economies have been affected from time to time by falling demand for a variety of goods and services, restricted credit, poor liquidity, reduced corporate profitability, volatility in credit, equity and foreign exchange markets, volatility in the banking sector, changes in the labor market, supply chain disruptions, bankruptcies, inflation and overall uncertainty with respect to the economy, including with respect to trade issues, such as trade wars, tariffs or other trade restrictions or the threat of such actions. Moreover, the potential for a U.S. federal government shutdown resulting from budgetary decisions, a prolonged continuing resolution, breach of the federal debt ceiling, or a potential U.S. sovereign default may increase uncertainty and volatility in the global economy and financial markets. Weak economic conditions or significant uncertainty regarding the stability of financial markets related to stock market volatility, inflation, recession, changes in tariffs or other trade restrictions, trade agreements, trade wars or governmental fiscal, monetary and tax policies, among others, could adversely impact our business, financial condition and operating results. Further, weak market conditions have, and could in the future result in, impairment of our investments and long-lived assets.

Further, the economies of countries in Europe have been experiencing weakness associated with high sovereign debt levels, weakness in the banking sector, uncertainty over the future of the Eurozone and volatility in the value of the pound sterling and the Euro and instability resulting from the ongoing conflict between Russia and Ukraine. The effect of the conflict between Russia and Ukraine, including any resulting sanctions, export controls or other restrictive actions that may be imposed against governmental or other entities in, for example, Russia, have in the past contributed and may in the future contribute to disruption, instability and volatility in the global markets. We have operations, as well as current and potential new customers, throughout Europe. If economic conditions in Europe and other key markets for our platform continue to remain uncertain or deteriorate further, it could adversely affect our customers' ability or willingness to subscribe to our platform, delay prospective customers' purchasing decisions, reduce the value or duration of their subscriptions or affect renewal rates, all of which could harm our operating results.

More recently, global inflation rates have increased to levels not seen in several decades, which may result in decreased demand for our products and services, increases in our operating costs, including our labor costs, constrained credit and liquidity, reduced government spending and volatility in financial markets. The Federal Reserve and other international government agencies have raised, and may again raise, interest rates in response to concerns over inflation risk. Increases in interest rates on credit and debt that would increase the cost of any borrowing that we may make from time to time and could impact our ability to access the capital markets. Increases in interest rates, especially if coupled with reduced government spending and volatility in financial markets, may have the effect of further increasing economic uncertainty and heightening these risks. In an inflationary environment, we may be unable to raise the sales prices of our products and services at or above the rate at which our costs increase, which could/would reduce our profit margins and have a material adverse effect on our financial results and net income. We also may experience lower than expected sales and potential adverse impacts on our competitive position if there is a decrease in consumer spending or a negative reaction to our pricing. A reduction in our revenue would be detrimental to our profitability and financial condition and could also have an adverse impact on our future growth.

There continues to be uncertainty in the changing market and economic conditions, including the possibility of additional measures that could be taken by the Federal Reserve and other domestic and international government agencies, related to concerns over inflation risk. A sharp rise in interest rates could have an adverse impact on the fair market value of certain securities in our portfolio and investments in some financial instruments could pose risks arising from market liquidity and credit concerns, which could adversely affect our financial results.

***Economic uncertainty may lead to decreased demand for our products and services and otherwise harm our business and results of operations.***

Our overall performance depends, in part, on worldwide economic conditions. Impacts of economic weakness include:

- falling overall demand for goods and services, leading to reduced profitability;
- reduced credit availability;
- higher borrowing costs;
- reduced liquidity;
- changes in the labor market;
- supply chain disruptions;
- volatility in credit, equity and foreign exchange markets; and
- bankruptcies.

Economic weakness could lead to inflation, higher interest rates, and uncertainty about business continuity, which may adversely affect our business and our results of operations. As our customers react to global economic conditions and the potential for a global recession, we may see them reduce spending on our products and take additional precautionary measures to limit or delay expenditures and preserve capital and liquidity. Reductions in spending on our solutions, delays in purchasing decisions, lack of renewals, inability to attract new customers, as well as pressure for extended billing terms or pricing discounts, would limit our ability to grow our business and could negatively affect our operating results and financial condition.

### **Risks Related to Our Technical Operations Infrastructure and Dependence on Third Parties**

***Interruptions or delays in service from our third-party data center providers could impair our ability to deliver our platform to our***

*customers, resulting in customer dissatisfaction, damage to our reputation, loss of customers, limited growth and reduction in revenue.*

We currently serve the majority of our platform functions from third-party data center hosting facilities operated by Amazon Web Services (“AWS”) in the United States and Europe. We also have several colocations which host certain critical services (for example, VPN access) in various locations around the world. In addition, we use Cloudflare Global CDN to optimize content delivery across our locations.

Any damage to, or failure of, the systems of our third-party providers could result in interruptions to our platform. Despite precautions taken at our data centers, the occurrence of spikes in usage volume, a natural disaster, such as earthquakes or hurricane, an act of terrorism, geopolitical conflict, vandalism or sabotage, a disruptive cyber attack, a decision to close a facility without adequate notice, power or telecommunications failures or other unanticipated problems at a facility could result in lengthy interruptions in the availability of our on-demand software. In the event that any of our third-party facilities arrangements is terminated, or if there is a lapse of service or damage to a facility, we could experience interruptions in our platform as well as delays and additional expenses in arranging new facilities and services. Even with current and planned disaster recovery arrangements, our business could be harmed. Also, in the event of damage or interruption, our insurance policies may not adequately compensate us for any losses that we may incur. These factors in turn could further reduce our revenue, subject us to liability and cause us to issue credits or cause customers to fail to renew their subscriptions, any of which could materially adversely affect our business.

***If our customer platform has outages or fails due to defects or similar problems, and if we fail to correct any defect or other software problems, we could lose customers, become subject to service performance or warranty claims or incur significant costs.***

Our customer platform and its underlying infrastructure are inherently complex and may contain material defects or errors. We release modifications, updates, bug fixes and other changes to our software several times per day, without traditional human-performed quality control reviews for each release. We have from time to time found defects in our software and may discover additional defects in the future. We may not be able to detect and correct defects or errors before customers begin to use our platform or its applications. Consequently, we or our customers may discover defects or errors after our platform has been implemented. Defects or errors could result in product outages and could also cause inaccuracies in the data we collect and process for our customers, or even the loss, damage or inadvertent release of such confidential data. We implement bug fixes and upgrades as part of our regular system maintenance, which may lead to system downtime. Even if we are able to implement the bug fixes and upgrades in a timely manner, any history of product outages, defects or inaccuracies in the data we collect for our customers, or the loss, damage or inadvertent release of confidential data could cause our reputation to be harmed, and customers may elect not to purchase or renew their agreements with us. Furthermore, these issues could subject us to service performance credits (whether offered by us or required by contract), warranty claims or increased insurance costs. The costs associated with product outages, any material defects or errors in our platform or other performance problems may be substantial and could materially adversely affect our operating results.

In addition, third-party applications and features on our customer platform may not meet the same quality standards that we apply to our own development efforts and, to the extent they contain bugs, vulnerabilities or defects, they may create disruptions in our customers’ use of our products, lead to data loss, unauthorized access to customer data, damage our brand and reputation and affect the continued use of our products, any of which could harm our business, results of operations and financial condition.

***If our information technology systems, including our customer platform, have outages or fail due to defects or similar problems, and if we fail to correct any defect or other software problems, it could disrupt our internal operations or services provided to customers, and could reduce our revenue, increase our expenses, damage our reputation and adversely affect our cash flows and stock price.***

We rely on our information technology systems, including the sustained and uninterrupted performance of our customer platform, to manage numerous aspects of our business, including marketing, sales, content management, customer service and other internal operations. Our information technology systems are an essential component of our business and any disruption could significantly limit our ability to manage and operate our business efficiently.

Our customer platform and its underlying infrastructure are inherently complex and may contain material defects or errors. We release modifications, updates, bug fixes and other changes to our software several times per day, without traditional human-performed quality control reviews for each release. While we seek to implement secure development practices, we cannot eliminate the risk that our applications may have vulnerabilities. From time to time, we find defects in our software and may discover in the future additional defects, outages, delays or cessations of service, performance and quality problems or may produce errors in connection with systems integrations, migration work or other causes, which could result in business disruptions and the process of remediating them could be more expensive, time-consuming, disruptive and resource intensive than planned. Such disruptions could adversely impact our internal operations and interrupt other processes. Delayed sales, lower margins or lost customers resulting from

these disruptions could reduce our revenue, increase our expenses, damage our reputation and adversely affect our cash flows and stock price.

***We are dependent on the continued availability of third-party data hosting and transmission services.***

A significant portion of our operating cost is from our third-party data hosting and transmission services, including AWS, which hosts the substantial majority of our products and platform. If the costs for such services increase due to vendor consolidation, regulation, contract renegotiation, or otherwise, we may not be able to increase the fees for our customer platform or services to cover the changes, which could have a negative impact on our operating results.

Additionally, our customers need to be able to access our platform at any time, without interruption or degradation of performance. AWS runs its own platform that we access, and we are, therefore, vulnerable to service interruptions at AWS. We have experienced, and expect that in the future we may experience interruptions, delays and outages in service and availability due to a variety of factors, including infrastructure changes, human or software errors, website hosting disruptions and capacity constraints. In some instances, including because we do not control our service providers, we may not be able to identify the cause or causes of these problems within a period of time acceptable to our customers. Additionally, as our business continues to grow, to the extent that we do not effectively address capacity constraints, through our providers of cloud infrastructure, our results of operations may be adversely affected. In addition, any changes in service levels from our service providers may adversely affect our ability to meet our customers' requirements, result in negative publicity which could harm our reputation and brand and may adversely affect the usage of our platform.

***If we do not or cannot maintain the compatibility of our customer platform with third-party applications that our customers use in their businesses, our revenue will decline.***

A significant percentage of our customers choose to integrate our platform with certain capabilities provided by third-party application providers using application programming interfaces ("APIs") published by these providers. The functionality and popularity of our customer platform depends, in part, on our ability to integrate our platform with third-party applications and platforms, including CRM, CMS, e-commerce, call center, analytics and social media sites that our customers use and from which they obtain data. Third-party providers of applications and APIs may change the features of their applications and platforms, restrict our access to their applications and platforms, or alter the terms governing use of their applications and APIs and access to those applications and platforms in an adverse manner. Such changes could functionally limit or terminate our ability to use these third-party applications and platforms in conjunction with our platform, which could negatively impact our offerings and harm our business. If we fail to integrate our platform with new third-party applications and platforms that our customers use for marketing, sales, services, operations, commerce, or content management purposes, or fail to renew existing relationships pursuant to which we currently provide such integration, we may not be able to offer the functionality that our customers need, which would negatively impact our ability to generate new revenue or maintain existing revenue and adversely impact our business.

***We rely on data provided by third parties, the loss of which could limit the functionality of our platform and disrupt our business.***

Select functionality of our customer platform depends on our ability to deliver data, including search engine results and social media updates, provided by unaffiliated third parties, such as Meta, Google, LinkedIn and X. Some of this data is provided to us pursuant to third-party data sharing policies and terms of use, under data sharing agreements by third-party providers or by customer consent. In the future, any of these third parties could change its data sharing policies, including making them more restrictive, or alter its algorithms that determine the placement, display, and accessibility of search results and social media updates, any of which could result in the loss of, or significant impairment to, our ability to collect and provide useful data to our customers. These third parties could also interpret our, or our service providers' data collection policies or practices as being inconsistent with their policies, which could result in the loss of our ability to collect this data for our customers. Any such changes could impair our ability to deliver data to our customers and could adversely impact select functionality of our platform, impairing the return on investment that our customers derive from using our solution, as well as adversely affecting our business and our ability to generate revenue.

***Privacy concerns and end users' acceptance of Internet behavior tracking may limit the applicability, use and adoption of our customer platform.***

Privacy concerns may cause end users to resist providing the personal data necessary to allow our customers to use our platform effectively. We have implemented various features intended to enable our customers to better protect end user privacy, but these measures may not alleviate all potential privacy concerns and threats. Even the perception of privacy concerns, whether or not valid, may inhibit market adoption of our platform. Privacy advocacy groups and the technology and other industries are considering various new, additional or different self-regulatory standards that may place additional burdens on us. The costs of compliance with, and other

burdens imposed by these groups' policies and actions may limit the use and adoption of our customer platform and reduce overall demand for it, or lead to significant fines, penalties or liabilities for any noncompliance or loss of any such action.

***If our or our customers' security measures are compromised or unauthorized access to data of our customers or their customers is otherwise obtained, our customer platform may be perceived as not being secure, our customers may be harmed and may curtail or cease their use of our platform, our reputation may be damaged and we may incur significant liabilities.***

Our operations involve the storage and transmission of data of our customers and their customers, including personal data. Our storage is typically the sole source of record for portions of our customers' businesses and end user data, such as initial contact information and online interactions. Security incidents could result in unauthorized access to, loss of or unauthorized disclosure of this information, litigation, indemnity obligations and other possible liabilities, as well as negative publicity, which could damage our reputation, impair our sales and harm our customers and our business. Cyber-attacks and other malicious Internet-based activity continue to increase generally, and cloud-based platform providers of marketing services have been targeted. If our security measures, or those of our service providers, are compromised as a result of third-party action, employee or customer error, malfeasance, stolen or fraudulently obtained log-in credentials or otherwise, our reputation could be damaged, our business may be harmed and we could incur significant liability. Additionally, if third parties with whom we work, such as vendors or developers, violate applicable laws, our security policies or our acceptable use policy, such violations may also put our customers' information at risk and could in turn have an adverse effect on our business. In addition, if the security measures of our customers or our service providers are compromised, even without any actual compromise of our own systems, we may face negative publicity or reputational harm if our customers or anyone else incorrectly attributes the blame for such security breaches to us or our systems. We may be unable to anticipate or prevent techniques used to obtain unauthorized access or to sabotage systems because they change frequently and generally are not detected until after an incident has occurred. As we increase our customer base and our brand becomes more widely known and recognized, we may become more of a target for third parties seeking to compromise our security systems or gain unauthorized access to our customers' data. Additionally, we provide our employees with limited access restricted via just-in-time-access controls and least privilege access models to our databases, which store our customer data, and to our APIs to facilitate our rapid pace of product development and to support our customers. If such access, unauthorized access or our own operations, cause damage, destruction or loss (including, without limitation, because of actions by a bad actor, attempts to exfiltrate customer data which attempts we have experienced in the past and could experience in the future), our systems being compromised or unintentional or accidental disclosure, or destruction of our customers' business data, their sales, lead generation, support and other business operations may be permanently harmed. As a result, our customers may bring claims against us for lost profits and other damages, or such concerns may cause us to further limit access by our development team. Additionally, in certain of our subscription agreements with our customers, we agree to indemnify these customers against claims by a third party alleging our breach of confidentiality obligations or our misuse of customer data in violation of the subscription agreement.

Cyber-attacks, denial-of-service attacks, ransomware attacks, supply chain attacks, business email compromises, computer malware, viruses, social engineering (including phishing), and other compromises are prevalent in our industry, the industries of certain of our service providers and our customers' industries. We have in the past experienced threats and security incidents related to our data and systems, and we may in the future experience other threats, compromises, breaches, or incidents. Our internal computer systems and those of our current and any future strategic collaborators, vendors, and other contractors or consultants are vulnerable to damage from cyber-attacks, computer viruses, unauthorized access, natural disasters, cybersecurity threats, terrorism, geopolitical conflict, war and telecommunication and electrical failures. Accordingly, if our cybersecurity measures or those of our service providers fail to protect against unauthorized access, attacks (which may include sophisticated cyber-attacks), compromise or the mishandling of data by our employees and contractors, then our reputation, customer trust, business, results of operations and financial condition could be adversely affected. Cyber incidents have been increasing in sophistication and frequency and can include third parties gaining access to employee or customer data using stolen or inferred credentials, computer malware, viruses, spamming, phishing attacks, ransomware, vulnerabilities in first- or third-party code, card skimming code, and other deliberate attacks and attempts to gain unauthorized access. This risk is increased by the difficulty of balancing rapid vulnerability patching and system availability in a large and rapidly-changing production environment. At times, we may be unable to patch all of our systems in a manner that strictly adheres to our internally prescribed timelines. The techniques used to sabotage or to obtain unauthorized access to our platform, systems, networks, or physical facilities in which data is stored or through which data is transmitted change frequently, and we may be unable to implement adequate preventative measures or stop security breaches while they are occurring. Because the techniques used by threat actors who may attempt to penetrate and sabotage our computer systems change frequently and may not be recognized until launched against a target, we may be unable to anticipate these techniques. Additionally, with the expansion of remote work and resource access, there is an increased risk that we may experience cybersecurity-related events such as phishing attacks, exploitation of any cybersecurity flaws that may exist, an increase in the number of cybersecurity threats or attacks, and other security challenges as a result of most of our employees and our service providers continuing to work remotely from non-corporate managed networks. There is also a risk of potential increase in such attacks due to cyberwarfare in connection with the ongoing global conflicts, and this could adversely affect our and our suppliers' ability to maintain or enhance key cybersecurity and data protection measures. We have previously been, and may in the future become, the target of cyber-attacks, incidents, or compromises by third



parties seeking unauthorized access to our or our customers' data, systems, or infrastructure, or to disrupt our operations or ability to provide our services.

Additionally, it is also possible that unauthorized access to sensitive customer and business data may be obtained through inadequate use of security controls by our customers, suppliers or other vendors, using social engineering to cause an employee or contractor to install malware or exploiting known vulnerabilities. Like other businesses, we rely on hardware and software supplied by third-parties and, therefore, are susceptible to supply chain attacks. Such attacks are becoming increasingly common, and we may not be able to anticipate and prevent negative impacts from such an attack. If we are impacted by a supply chain attack, we could incur liability, our competitive position could be harmed and the further development and commercialization of our product and services could be hindered or delayed.

Recent cybersecurity incidents and compromises affecting large institutions, including an incident that affected us in 2024, suggest that the risk of such events is significant, even if privacy protection and security measures are implemented and enforced. A cyber-attack, incident, or compromise could result in a material disruption of our development programs and our business operations, whether due to a loss of our trade secrets or other proprietary information or other disruptions. These cyber-attacks could be carried out by threat actors of all types (including but not limited to nation states, organized crime, other criminal enterprises, individual actors and/or advanced persistent threat groups). In addition, we may experience intrusions on our physical premises by any of these threat actors. To the extent that any compromise, disruption or security breach were to result in a loss of, or damage to, our data or applications, or inappropriate disclosure of confidential or proprietary information, we could incur liability, incur significant costs associated with remediation and the implementation of additional security measures, including costs to deploy additional personnel and protection technologies, train employees, and engage third-party experts and consultants, and our competitive position could be harmed. Any breach, loss, or compromise of personal data may also subject us to civil fines and penalties, or claims for damages either under the General Data Protection Regulation (the "EU GDPR"), the EU GDPR as incorporated into United Kingdom law, and relevant member state law in the European Union, other foreign laws, and other relevant state and federal privacy laws in the United States.

Many governments have enacted laws requiring companies to notify individuals of security incidents, including unauthorized access and transfers of certain types of personal data. In addition, the data processing agreement we execute with our customers contractually requires us to notify them of any personal data breach. Under payment card network rules and our contracts with our payment processors, if there is a data breach of payment resulting in the compromise of cardholder payment information that is stored by our direct payment card processing vendors, we could be liable to the payment card issuing banks for their cost of issuing new cards and related expenses depending on the cause of such data breach. Data breaches and other data security compromises experienced by our competitors, by our customers or by us may lead to public disclosures, which may lead to widespread negative publicity. Any security compromise in our industry, whether actual or perceived, could harm our reputation, erode customer confidence in the effectiveness of our security measures, negatively impact our ability to attract new customers, cause existing customers to elect not to renew their subscriptions or subject us to third-party lawsuits, regulatory fines or other action or liability, which could materially and adversely affect our business and operating results.

There can be no assurance that any limitations of liability provisions in our contracts for a security breach would be enforceable or adequate or would otherwise protect us from any such liabilities or damages with respect to any particular claim. We also cannot be sure that our existing insurance coverage will continue to be available on acceptable terms or will be available in sufficient amounts to cover one or more large claims, or that the insurer will not deny coverage as to any future claim. The successful assertion of one or more large claims against us that exceed available insurance coverage, or the occurrence of changes in our insurance policies, including premium increases or the imposition of large deductible or co-insurance requirements, could have a material adverse effect on our business, financial condition and operating results.

## **Risks Related to Intellectual Property**

***Our business may suffer if it is alleged or determined that our technology infringes the intellectual property rights of others.***

The software industry is characterized by the existence of a large number of patents, copyrights, trademarks, trade secrets and other intellectual and proprietary rights. Companies in the software industry are often required to defend against litigation claims based on allegations of infringement or other violations of intellectual property rights. Many of our competitors and other industry participants have been issued patents and/or have filed patent applications and may assert patent or other intellectual property rights within the industry. Moreover, in recent years, individuals and groups that are non-practicing entities, commonly referred to as "patent trolls," have purchased patents and other intellectual property assets for the purpose of making claims of infringement in order to extract settlements. From time to time, we may receive threatening letters or notices or may be the subject of claims that our services and/or platform and underlying technology infringe or violate the intellectual property rights of others. Responding to such claims,

regardless of their merit, can be time consuming, costly to defend in litigation, divert management's attention and resources, damage our reputation and brand and cause us to incur significant expenses. Our technologies may not be able to withstand any third-party claims against their use. Claims of intellectual property infringement, even those without merit, could require us to redesign our application, delay releases, enter into costly settlement or license agreements or pay costly damage awards, or face a temporary or permanent injunction prohibiting us from marketing or selling our platform. If we cannot or do not license the infringed technology on reasonable terms or at all, or substitute similar technology from another source, our revenue and operating results could be adversely impacted. Additionally, our customers may not purchase our customer platform if they are concerned that they may infringe third-party intellectual property rights. The occurrence of any of these events may have a material adverse effect on our business.

In our subscription agreements with customers, we agree to indemnify them against claims by a third party alleging infringement of a valid patent, registered copyright or registered trademark. Customers can also assert a common law indemnity claim or that any existing limitations of liability provisions in our contracts would be enforceable or adequate, or would otherwise protect us from any such liabilities or damages with respect to any particular claim. Our customers who are accused of intellectual property infringement may in the future seek indemnification from us under common law or other legal theories. If such claims are successful, or if we are required to indemnify or defend our customers from these or other claims, these matters could be disruptive to our business and management and have a material adverse effect on our business, operating results and financial condition.

***If we fail to adequately protect our proprietary rights, in the United States and abroad, our competitive position could be impaired and we may lose valuable assets, experience reduced revenue and incur costly litigation to protect our rights.***

Our success is dependent, in part, upon protecting our proprietary technology. We rely on a combination of patents, copyrights, trademarks, service marks, trade secret laws and contractual restrictions to establish and protect our proprietary rights in our products and services. However, the steps we take to protect our intellectual property may be inadequate. We will not be able to protect our intellectual property if we are unable to enforce our rights or if we do not detect unauthorized use of our intellectual property. Any of our trademarks or other intellectual property rights may be challenged by others or invalidated through administrative process or litigation. Furthermore, legal standards relating to the validity, enforceability and scope of protection of intellectual property rights are uncertain. Additionally, the intellectual property ownership and license rights, including copyrights and patents surrounding AI technologies, which we are increasingly building into our product offerings, has not been fully addressed by U.S. courts or other federal or state laws or regulations, and the use or adoption of AI technologies in our products and services may expose us to copyright infringement or other intellectual property misappropriation claims. Despite our precautions, it may be possible for unauthorized third parties to copy our technology and use information that we regard as proprietary to create products and services that compete with ours. Some license provisions protecting against unauthorized use, copying, transfer and disclosure of our offerings may be unenforceable under the laws of certain jurisdictions and foreign countries. In addition, the laws of some countries do not protect proprietary rights to the same extent as the laws of the United States. To the extent we expand our international activities, our exposure to unauthorized copying and use of our technology and proprietary information may increase.

We enter into confidentiality and invention assignment agreements with our employees and consultants and enter into confidentiality agreements with the parties with whom we have strategic relationships and business alliances. No assurance can be given that these agreements will be effective in controlling access to and distribution of our products and proprietary information. Further, these agreements may not prevent our competitors from independently developing technologies that are substantially equivalent or superior to our platform and offerings.

We may be required to spend significant resources to monitor and protect our intellectual property rights. Litigation may be necessary in the future to enforce our intellectual property rights and to protect our trade secrets. Such litigation could be costly, time consuming and distracting to management and could result in the impairment or loss of portions of our intellectual property. Furthermore, our efforts to enforce our intellectual property rights may be met with defenses, counterclaims and countersuits attacking the validity and enforceability of our intellectual property rights. Our inability to protect our proprietary technology against unauthorized copying or use, as well as any costly litigation, could delay further sales or the implementation of our platform and offerings, impair the functionality of our platform and offerings, delay introductions of new features or enhancements, result in our substituting inferior or more costly technologies into our platform and offerings, or injure our reputation.

***Our use of "open source" software could negatively affect our ability to offer our platform and subject us to possible litigation.***

A substantial portion of our cloud-based platform incorporates so-called "open source" software, and we may incorporate additional open source software in the future. Open source software is generally freely accessible, usable and modifiable. Certain open source licenses may, in certain circumstances, require us to offer the components of our platform that incorporate the open source software for no cost, that we make available source code for modifications or derivative works we create based upon, incorporating or using the open source software and that we license such modifications or derivative works under the terms of the particular open source license. If an author or other third party that distributes open source software we use were to allege that we had not complied

with the conditions of one or more of these licenses, we could be required to incur significant legal expenses defending against such allegations and could be subject to significant damages, including being enjoined from the offering of the components of our platform that contained the open source software and being required to comply with the foregoing conditions, which could disrupt our ability to offer the affected software. We could also be subject to suits by parties claiming ownership of what we believe to be open source software. Litigation could be costly for us to defend, have a negative effect on our operating results and financial condition and require us to devote additional research and development resources to change our products.

## **Risks Related to Government Regulation**

*We are subject to governmental regulation and other legal obligations, particularly related to privacy, data protection and information security, and our actual or perceived failure to comply with such obligations could harm our business. Compliance with such laws could also impair our efforts to maintain and expand our customer base and business lines, and thereby decrease our revenue.*

Our handling of data across our products and services is subject to a variety of laws and regulations, including regulation by various government agencies, including the U.S. Federal Trade Commission ("FTC"), and various state, local and foreign agencies. We collect personal data and other data from our customers, prospects, partners, third-party providers and publicly available sources. We also handle personal data about our customers' customers. We use this information to provide services to our customers, to support, expand and improve our business. We may also share customers' personal data with third parties as authorized by the customer or as described in our privacy policy.

The U.S. federal and various state and foreign governments have adopted or proposed limitations on the collection, processing, distribution, use, storage and safeguarding of personal data. In the United States, the FTC and many state attorneys general are applying federal and state privacy and consumer protection laws to impose standards for the online collection, use and dissemination of personal and other data. However, these obligations may be interpreted and applied in a manner that is inconsistent from one jurisdiction to another and may conflict with other requirements or our practices. Any failure or perceived failure by us to comply with privacy or data security laws, policies, legal obligations or industry standards or any security incident that results in the unauthorized, disclosure, release or transfer of personal data or other customer data may result in governmental enforcement actions, litigation, fines and penalties and/or adverse publicity, and could cause our customers to lose trust in us, which could have an adverse effect on our reputation and business.

Laws and regulations governing privacy, data protection and cybersecurity are rapidly evolving, and changes to such laws and regulations could require us to change features of our platform or restrict our customers' ability to collect and use email addresses, page viewing data and other personal data, which may reduce demand for our platform. Our failure to comply with federal, state and foreign privacy and cybersecurity laws and regulations could harm our ability to successfully operate our business and pursue our business goals.

For example, the California Consumer Privacy Act (the "CCPA"), as amended by the California Privacy Rights Act (the "CPRA"), among other things, requires covered companies to provide new disclosures to California residents and afford such individuals the ability to opt out of the sales or sharing of their personal data. In addition to increasing our potential exposure to regulatory enforcement, the CCPA also provides for violations and a limited private right of action, which may increase our exposure to civil litigation.

Numerous other states have passed comprehensive privacy and data security laws, which impose obligations on covered businesses similar – but not identical – to those under the CCPA. A number of other states have proposed similar or sector specific privacy legislation, and the U.S. Congress is considering legislation that may preempt some or all of such U.S. state privacy laws, providing a more robust private right of action. Through executive and legislative action, the federal government has also taken steps to restrict data transactions involving persons affiliated with China, Russia, and other countries of concern. The evolving complexity of privacy and data security legislation in the U.S. may complicate our compliance efforts and further increase our risk of regulatory enforcement, penalties and litigation.

In addition, many foreign jurisdictions in which we do business, including the European Union, Japan, United Kingdom, Canada, Australia, and others have laws and regulations dealing with the collection and use of personal data obtained from their residents, which are more restrictive in certain respects than those in the U.S. Laws and regulations in these jurisdictions apply broadly to the collection, use, storage, disclosure and security of personal data that identifies or may be used to identify an individual. In relevant part, these foreign laws and regulations may affect our ability to engage in lead generation activities by imposing heightened requirements, such as affirmative opt-ins or other consent prior to sending commercial correspondence, obtaining leads or engaging in electronic tracking activities that aid our marketing and business intelligence. We may be required to modify our policies, procedures,

and data processing measures in order to address requirements under these or other privacy, data protection, or cyber security regimes, and may face claims, litigation, investigations, or other proceedings regarding them and may incur related liabilities, expenses, costs, and operational losses.

In connection with the operation of some of our business lines, such as business intelligence services, we collect, process and share business contact information or other personal data individuals make available in their professional capacity. We may be subject to additional requirements under privacy and data protection laws that could lead to additional compliance costs, regulatory scrutiny, and reputational risks that may affect our business. For example, we may be required to send notifications to individuals and respond to higher volumes of data privacy requests, which may require substantial costs and expenses, or reduce the potential value of our business intelligence services. We may also receive data from third-party vendors (e.g., data brokers) in connection with such services. While we have implemented certain contractual measures with such vendors to protect our interests, we are ultimately unable to verify with complete certainty the source of such data, how it was received, and that such information was collected and is being shared with us in compliance with all applicable data privacy laws. Furthermore, the uncertain and shifting regulatory environment and trust climate may cause concerns regarding data privacy and may cause our vendors, customers, users, or our customers' customers to decline to provide the data necessary to allow us to offer some of our services to our customers and users effectively, or could prompt individuals to opt out of our collection of their personal data. Concern regarding our use of the personal data collected when performing our services could keep prospective customers from subscribing to our services.

Within the European Union, the EU GDPR, and in the United Kingdom, the EU GDPR as incorporated into the laws of the United Kingdom ("UK") (the "UK GDPR" together with the EU GDPR, the "GDPR"), impose heightened obligations and risk upon our business and substantially increases the penalties to which we could be subject in the event of any non-compliance. Non-compliance with the GDPR and the related national data protection laws of the European Union Member States may result in monetary penalties of up to €20 million (£17.5 million) or 4% of worldwide annual revenue, whichever is higher.

The proliferation of privacy and data protection laws has heightened risks and uncertainties concerning cross-border transfers of personal data and other data, which could impose significant compliance costs and expenses on our business, increase our potential exposure to regulatory enforcement and/or litigation, and have a negative effect on our existing business and on our ability to attract and retain new customers. To enable the transfer of personal data outside of the European Union or United Kingdom, adequate safeguards must be implemented in compliance with data protection laws. On June 4, 2021, the European Commission published new versions of its Standard Contractual Clauses ("SCCs"), which are required for all transfers of personal data from the European Union to third countries (including the U.S). The United Kingdom is not subject to the new SCCs but has its own equivalent, being the international data transfer agreement and/or UK Addendum ("IDTAs"). Our customer agreements include the updated SCCs and UK IDTAs. Under the new SCCs and IDTAs, companies are also required to assess the risk of a data transfer on a case-by-case basis by undertaking a transfer impact assessment, and may be required to adopt additional measures to accomplish transfers of personal data to the United States and other third countries. There continue to be concerns about whether the SCCs will face additional challenges.

On July 10, 2023, the European Commission approved the EU-U.S. Data Privacy Framework ("DPF") to support transfers of personal data from the EU to companies in the U.S. Because we have maintained our certification under the previously invalidated Privacy Shield, we have now automatically become subject to the DPF and are required to maintain policies and procedures to comply with the DPF principles. We may be subject to regulatory enforcement by the FTC if we are found to be noncompliant with any of the DPF principles, and this regulatory enforcement may lead to significant civil penalties.

Until the remaining legal uncertainties regarding SCCs, DPF and other transfer mechanisms are settled, we will continue to face uncertainty as to whether our customers will be permitted to transfer personal data to the United States for processing by us as part of our platform services. Our customers may view data transfer mechanisms as being too costly, too burdensome, too legally uncertain or otherwise objectionable and therefore decide not to do business with us.

We publicly post documentation regarding our practices concerning the collection, processing, use and disclosure of data. Although we endeavor to comply with our published policies and documentation, we may at times fail to do so or be alleged to have failed to do so. Any failure or perceived failure by us to comply with our privacy policies or any applicable privacy, security or data protection, information security or consumer-protection related laws, regulations, orders or industry standards could expose us to costly litigation, significant awards, fines or judgments, civil and/or criminal penalties or negative publicity, and could materially and adversely affect our business, financial condition and results of operations. The publication of our privacy policy and other documentation that provide promises and assurances about privacy and security can subject us to potential state and federal action if they are found to be deceptive, unfair, or misrepresentative of our actual practices, which could, individually or in the aggregate, materially and adversely affect our business, financial condition and results of operations.

If our privacy or data security measures fail to comply with current or future laws and regulations, we may be subject to claims, legal proceedings or other actions by individuals or governmental authorities based on privacy or data protection regulations and our

commitments to customers or others, as well as negative publicity and a potential loss of business. Moreover, if future laws and regulations limit our subscribers' ability to use and share personal data or our ability to store, process and share personal data, demand for our solutions could decrease, our costs could increase, and our business, results of operations and financial condition could be harmed.

***Our use of new and evolving technologies, such as AI, may present risks and challenges that can impact our business, including by posing cybersecurity and other risks to our confidential and/or proprietary information, including personal information, and as a result we may be exposed to reputational harm and liability***

We currently use and integrate AI into our business processes. Use of this technology presents risks and challenges that could affect our business. If we enable or use solutions that draw controversy due to perceived or actual negative societal impact, we may experience brand or reputational harm, competitive harm or legal liability.

A growing number of legislators and regulators are adopting laws and regulations and have focused enforcement efforts on the adoption of AI and use of such technologies in compliance with ethical standards and societal expectations. Several states, including Colorado and California, passed laws that will take effect in 2026 to regulate various uses of AI, including to make consequential decisions. It is possible that other new laws and regulations will be adopted in the near future, or that existing laws and regulations may be interpreted in ways that would affect our business and the ways in which we use AI and machine learning technology, our financial condition and our results of operations, including as a result of the cost to comply with such laws or regulations.

In Europe, the EU's Artificial Intelligence Act ("AI Act") entered into force on August 1, 2024 and, with some exceptions, will begin to apply as of August 2, 2026. This legislation imposes significant obligations on providers and deployers of high-risk AI systems, and encourages providers and deployers of AI systems to account for EU ethical principles in their development and use of these systems. As we continue to develop and use AI systems that are governed by the AI Act or other emerging regulations, it may necessitate ensuring higher standards of data quality, transparency, and human oversight, as well as adhering to specific ethical, accountability, and administrative requirements, some of which may increase our costs and compliance obligations. Further, potential government regulation related to AI use and ethics may also increase the cost of research and development in this area, and failure to properly remediate AI usage or ethics issues may cause public confidence in AI to be undermined, which could slow adoption of AI in our products and services.

The rapid evolution of AI will require the application of significant resources to design, develop, test and maintain such systems to help ensure that AI is implemented in accordance with applicable law and regulation and in a socially responsible manner and to minimize any real or perceived unintended harmful impacts. The use of certain AI technologies can also give rise to intellectual property risks, including by disclosing or otherwise compromising our confidential or proprietary intellectual property, or by undermining our ability to assert or defend ownership rights in intellectual property created with the assistance of AI tools.

Our vendors may in turn incorporate AI tools into their offerings, and the providers of these AI tools may not meet existing or rapidly evolving regulatory or industry standards, including with respect to privacy and data security. Further, bad actors around the world use increasingly sophisticated methods, including the use of AI, to engage in illegal activities involving the theft and misuse of personal information, confidential information and intellectual property. Any of these effects could damage our reputation, result in the loss of valuable property and information, cause us to breach applicable laws and regulations, and adversely impact our business.

***We could face liability, or our reputation might be harmed, as a result of the activities of our customers, the content of their websites or the data they store on our servers.***

As a provider of a cloud-based marketing, sales and customer service software platform, we may be subject to potential liability for the activities of our customers on or in connection with the data they store on our servers. Although our customer terms of use prohibit illegal use of our services by our customers and permit us to take down websites or take other appropriate actions for illegal use, customers may nonetheless engage in prohibited activities or upload or store content with us in violation of applicable law or the customer's own policies, which could subject us to liability or harm our reputation. Furthermore, customers may upload, store, or use content on our customer platform that may violate our policy on acceptable use which prohibits content that is threatening, abusive, harassing, deceptive, false, misleading, vulgar, obscene, or indecent. While such content may not be illegal, use of our customer platform for such content could harm our reputation resulting in a loss of business.

Several U.S. federal statutes may apply to us with respect to various customer activities:

- The Digital Millennium Copyright Act of 1998 ("DMCA"), provides recourse for owners of copyrighted material who believe that their rights under U.S. copyright law have been infringed on the Internet. Under the DMCA, based on our

current business activity as an Internet service provider that does not own or control website content posted by our customers, we generally are not liable for infringing content posted by our customers or other third parties, provided that we follow the procedures for handling copyright infringement claims set forth in the DMCA. Generally, if we receive a proper notice from, or on behalf, of a copyright owner alleging infringement of copyrighted material located on websites we host, and we fail to expeditiously remove or disable access to the allegedly infringing material or otherwise fail to meet the requirements of the safe harbor provided by the DMCA, the copyright owner may seek to impose liability on us. Technical mistakes in complying with the detailed DMCA take-down procedures could subject us to liability for copyright infringement.

- The Communications Decency Act of 1996 ("CDA"), generally protects online service providers, such as us, from liability for certain activities of their customers, such as the posting of defamatory or obscene content, unless the online service provider is participating in the unlawful conduct. Under the CDA, we are generally not responsible for the customer-created content hosted on our servers. Consequently, we do not monitor hosted websites or prescreen the content placed by our customers on their sites. However, the CDA does not apply in foreign jurisdictions and we may nonetheless be brought into disputes between our customers and third parties which would require us to devote management time and resources to resolve such matters and any publicity from such matters could also have an adverse effect on our reputation and therefore our business.
- In addition to the CDA, the Securing the Protection of our Enduring and Established Constitutional Heritage Act (the "SPEECH Act"), provides a statutory exception to the enforcement by a U.S. court of a foreign judgment for defamation under certain circumstances. Generally, the exception applies if the defamation law applied in the foreign court did not provide at least as much protection for freedom of speech and press as would be provided by the First Amendment of the U.S. Constitution or by the constitution and law of the state in which the U.S. court is located, or if no finding of defamation would be supported under the First Amendment of the U.S. Constitution or under the constitution and law of the state in which the U.S. court is located. Although the SPEECH Act may protect us from the enforcement of foreign judgments in the United States, it does not affect the enforceability of the judgment in the foreign country that issued the judgment. Given our international presence, we may therefore, nonetheless, have to defend against or comply with any foreign judgments made against us, which could take up substantial management time and resources and damage our reputation.

Although these statutes and case law in the United States have generally shielded us from liability for customer activities to date, court rulings in pending or future litigation may narrow the scope of protection afforded us under these laws. In addition, laws governing these activities are unsettled in many international jurisdictions, or may prove difficult or impossible for us to comply with in some international jurisdictions. Also, notwithstanding the exculpatory language of these bodies of law, we may become involved in complaints and lawsuits which, even if ultimately resolved in our favor, add cost to our doing business and may divert management's time and attention. Finally, other existing bodies of law, including the criminal laws of various states, may be deemed to apply or new statutes or regulations may be adopted in the future, any of which could expose us to further liability and increase our costs of doing business.

Additionally, our end-to-end payment solution, as well as our Stripe payment processing integration ("Payments"), are both built within Commerce Hub and are susceptible to potentially illegal or improper uses, including money laundering, terrorist financing, fraudulent or illegal sales of goods or services, piracy of software, movies, music, and other copyrighted or trademarked information, bank fraud, securities fraud, pyramid or ponzi schemes, or the facilitation of other illegal or improper activity. While we engage a third party as our registered payment facilitator, the use of Payments for illegal or improper uses may subject us to claims (including claims brought by our third-party payment processor), government and regulatory requests, inquiries, or investigations that could result in liability, and harm our reputation. Moreover, certain activity that may be legal in one jurisdiction may be illegal in another jurisdiction, and a merchant may be found responsible for intentionally or inadvertently importing or exporting illegal goods, resulting in liability for us. Owners of intellectual property rights or government authorities may seek to bring legal action against providers of payments solutions, including Payments, that are peripherally involved in the sale of infringing or allegedly infringing items. Any threatened or resulting claims could result in reputational harm, and any resulting liabilities, loss of transaction volume, or increased costs could harm our business.

If Payments is used for illegal or improper uses, we may incur substantial losses as a result of claims from merchants and their buyers, including consumers. Allowances for transaction losses that we have established may be insufficient to cover incurred losses. Moreover, if measures to detect and reduce the risk of fraud are not effective and our loss rate is higher than anticipated, Payments and our business could be negatively impacted.

***The standards that private entities use to regulate the use of email have in the past interfered with, and may in the future interfere with, the effectiveness of our customer platform and our ability to conduct business.***

Our customers rely on email to communicate with their existing or prospective customers. Various private entities attempt to regulate the use of email for commercial solicitation. These entities often advocate standards of conduct or practice that significantly exceed current legal requirements and classify certain email solicitations that comply with current legal requirements as spam. Some of these entities maintain “blacklists” of companies and individuals, and the websites, internet service providers and internet protocol addresses associated with those entities or individuals that do not adhere to those standards of conduct or practices for commercial email solicitations that the blacklisting entity believes are appropriate. If a company’s internet protocol addresses are listed by a blacklisting entity, emails sent from those addresses may be blocked if they are sent to any internet domain or internet address that subscribes to the blacklisting entity’s service or purchases its blacklist.

From time to time, some of our internet protocol addresses may become listed with one or more blacklisting entities due to the messaging practices of our customers. There can be no guarantee that we will be able to successfully remove ourselves from those lists. Blacklisting of this type could interfere with our ability to market our customer platform and services and communicate with our customers and, because we fulfill email delivery on behalf of our customers, could undermine the effectiveness of our customers’ email marketing campaigns, all of which could have a material negative impact on our business and results of operations.

***Existing federal, state and foreign laws regulate Internet tracking software, the senders of commercial emails and text messages, website owners and other activities, and could impact the use of our customer platform and potentially subject us to regulatory enforcement or private litigation.***

Certain aspects of how our customers utilize our platform are subject to regulations in the United States, European Union and elsewhere. In recent years, U.S. and European lawmakers and regulators have expressed concern over the use of third-party cookies or web beacons for online behavioral advertising, and legislation adopted recently in the European Union requires informed consent for the placement of a cookie on a user’s device. Regulation of cookies and web beacons may lead to restrictions on our activities, such as efforts to understand users’ Internet usage. New and expanding “Do Not Track” regulations have recently been enacted or proposed that protect users’ right to choose whether or not to be tracked online. These regulations seek, among other things, to allow end users to have greater control over the use of private information collected online, to forbid the collection or use of online information, to demand a business to comply with their choice to opt out of such collection or use, and to place limits upon the disclosure of information to third-party websites. These policies could have a significant impact on the operation of our customer platform and could impair our attractiveness to customers, which would harm our business.

Many of our customers and potential customers in the healthcare, financial services and other industries are subject to substantial regulation regarding their collection, use and protection of data and may be the subject of further regulation in the future. Accordingly, these laws or significant new laws or regulations or changes in, or repeals of, existing laws, regulations or governmental policy may change the way these customers do business and may require us to implement additional features or offer additional contractual terms to satisfy customer and regulatory requirements, or could cause the demand for and sales of our customer platform to decrease and adversely impact our financial results.

In addition, the Controlling the Assault of Non-Solicited Pornography and Marketing Act of 2003 (“CAN-SPAM Act”), establishes certain requirements for commercial email messages and specifies penalties for the transmission of commercial email messages that are intended to deceive the recipient as to source or content. The CAN-SPAM Act, among other things, obligates the sender of commercial emails to provide recipients with the ability to opt out of receiving future commercial emails from the sender. The ability of our customers’ message recipients to opt out of receiving commercial emails may minimize the effectiveness of the email components of our customer platform. In addition, certain states and foreign jurisdictions, such as Australia, Canada and the European Union, have enacted laws that regulate sending email, and some of these laws are more restrictive than U.S. laws. For example, some foreign laws prohibit sending unsolicited email unless the recipient has provided the sender advance consent to receipt of such email, or in other words has “opted-in” to receiving it. A requirement that recipients opt into, or the ability of recipients to opt out of, receiving commercial emails may minimize the effectiveness of our platform.

While these laws and regulations generally govern our customers’ use of our customer platform, we may be subject to certain laws as a data processor on behalf of, or as a business associate of, our customers. For example, laws and regulations governing the collection, use and disclosure of personal data include, in the United States, rules and regulations promulgated under the authority of the Federal Trade Commission, the Health Insurance Portability and Accountability Act of 1996, the Gramm-Leach-Bliley Act of 1999 and state breach notification laws, and internationally, the GDPR and other privacy and data protection laws. If we were found to be in violation of any of these laws or regulations as a result of government enforcement or private litigation, we could be subjected to civil and criminal sanctions, including both monetary fines and injunctive action that could force us to change our business practices, all of which could adversely affect our financial performance and significantly harm our reputation and our business.

***We are subject to governmental export controls and economic sanctions laws that could impair our ability to compete in international markets and subject us to liability if we are not in full compliance with applicable laws.***

Our business activities are subject to various restrictions under U.S. and other global export controls and trade and economic sanctions laws, including the U.S. Commerce Department's Export Administration Regulations and economic and trade sanctions regulations maintained by the U.S. Treasury Department's Office of Foreign Assets Control. If we fail to comply with these laws and regulations, we and certain of our employees could be subject to civil or criminal penalties and reputational harm. Obtaining the necessary authorizations, including any required license(s), for a particular transaction may be time-consuming, is not guaranteed, and may result in the delay or loss of sales opportunities. Furthermore, export control laws and economic sanctions laws prohibit certain transactions with embargoed or sanctioned countries, governments, persons and entities. These sanctions laws with which we must comply may also change rapidly from time to time as a result of geopolitical events, such as the imposition of sanctions on Russia as a result of the conflict between Russia and Ukraine. Although we take precautions to prevent unlawful transactions and business relationships with sanction targets, the possibility exists that we could inadvertently provide our products and services to persons or entities prohibited by U.S and other global sanctions regimes. This could result in negative consequences to us, including government investigations, enforcement actions resulting in civil and/or criminal penalties and reputational harm.

## **Risks Related to Taxation**

***We may be subject to additional obligations to collect and remit sales tax and other taxes, and we may be subject to tax liability for past sales, which could harm our business.***

State, local, and non-U.S. jurisdictions have differing rules and regulations governing sales, use, value added, digital service, and other taxes, and these rules and regulations are subject to varying interpretations that may change over time. In particular, the applicability of such taxes to our customer platform in various jurisdictions can be unclear. Further, these jurisdictions' rules regarding tax nexus are complex and vary significantly. As a result, we could face the possibility of tax assessments and audits, and our liability for these taxes and associated penalties could exceed our original estimates. A successful assertion that we should be collecting additional sales, use, value added or other taxes in those jurisdictions where we have not historically done so and do not accrue for such taxes could result in substantial tax liabilities and related penalties for past sales, discourage customers from purchasing our application or otherwise harm our business and operating results.

***Changes in tax laws or regulations that are applied adversely to us or our customers could increase the costs of our customer platform and adversely impact our business.***

New income, sales, use or other tax laws, statutes, rules, regulations or ordinances could be enacted at any time. Any new taxes could adversely affect our domestic and international business operations, and our business and financial performance. Further, existing tax laws, statutes, rules, regulations or ordinances could be interpreted, changed, modified or applied adversely to us. These events could require us or our customers to pay additional tax amounts on a prospective or retroactive basis, as well as require us or our customers to pay fines and/or penalties and interest for past amounts deemed to be due. Additionally, new, changed, modified or newly interpreted or applied tax laws could increase our customers' and our compliance, operating and other costs, as well as the costs of our platform. Any or all of these events could adversely impact our business, cash flows and financial performance. Furthermore, as our employees continue to work remotely from geographic locations across the United States and internationally, we may become subject to additional taxes and our compliance burdens with respect to the tax laws of additional jurisdictions may increase.

***We are a multinational organization faced with increasingly complex tax issues in many jurisdictions, and we could be obligated to pay additional taxes in various jurisdictions.***

As a multinational organization, we may be subject to taxation in several jurisdictions around the world with increasingly complex tax laws, the application of which can be uncertain. The amount of taxes we pay in these jurisdictions could increase substantially as a result of changes in the applicable tax principles, including increased tax rates, new tax laws or revised interpretations of existing tax laws and precedents, or challenges to our tax positions by tax authorities, any of which could have a material adverse effect on our liquidity, financial condition or operating results. New global tax developments may have a material impact to our business, cash flows, or financial results. Such developments, may include certain Organization for Economic Co-operation and Development's proposals including the implementation of global minimum tax under the Pillar Two model rules, the European Commission's and certain major jurisdictions' heightened interest in and taxation of companies participating in the digital economy. In addition, the authorities in these jurisdictions could review our tax returns and impose additional tax, interest and penalties, and the authorities could claim that various withholding requirements apply to us or our subsidiaries or assert that benefits of tax treaties are not available to us or our subsidiaries, or assert that we are subject to tax in a jurisdiction where we believe we have



not established a taxable nexus, often referred to as a “permanent establishment” under international tax treaties, any of which could have a material impact on us, our financial condition or our operating results.

***We may not be able to utilize a significant portion of our net operating loss carryforwards, which could adversely affect our profitability.***

As of December 31, 2024, we had \$640.0 million of U.S. federal and \$723.7 million of state net operating loss carryforwards. U.S. federal net operating losses generated in taxable years beginning after December 31, 2017 have an indefinite carryforward and state net operating losses begin to expire in 2027. The state net operating loss carryforwards could expire unused and be unavailable to offset future income tax liabilities, which could adversely affect our profitability. In addition, under Section 382 and Section 383 of the Internal Revenue Code of 1986, our ability to utilize net operating loss carryforwards or other tax attributes, such as research tax credits, in any taxable year may be further limited if we experience an “ownership change.” An ownership change generally occurs if one or more stockholders or groups of stockholders who own at least 5% of our stock increase their ownership by more than 50 percentage points over their lowest ownership percentage (by value) within a rolling three-year period. Similar rules may apply under state tax laws. We may have experienced an ownership change in the past, and future issuances of our stock or other transactions could cause an ownership change. It is possible that any such ownership change could have a material effect on the use of our net operating loss carryforwards or other tax attributes accrued prior to such ownership change, which could adversely affect our profitability.

## **Risks Related to Our Operating Results and Financial Condition**

***We have a history of losses and may not become consistently profitable or maintain or increase profitability in the future.***

We generated a net loss of \$21.8 million for the three months ended March 31, 2025 and a net income of \$5.9 million for the three months ended March 31, 2024. As of March 31, 2025 we had an accumulated deficit of \$821.6 million. We will need to generate and sustain increased revenue levels in future periods to become consistently profitable, and, even if we do, we may not be able to maintain or increase our level of profitability. We have spent and intend to continue to expend significant funds on our marketing, sales, customer service, and general and administrative operations, the development and enhancement of our customer platform, scaling our data center infrastructure and services capabilities and expanding into new markets. Our efforts to grow our business may be more costly than we expect, and we may not be able to increase our revenue enough to offset our higher operating expenses. We may incur significant losses in the future for a number of reasons, including the other risks described in this Quarterly Report on Form 10-Q, and unforeseen expenses, difficulties, complications and delays and other unknown events. If we are unable to achieve and sustain profitability, the market price of our common stock may decrease significantly.

***From time to time, we may invest funds in social impact investment funds, and may receive no return on our investment or lose our entire investment.***

From time to time, we may invest in social impact investment funds. As of March 31, 2025, we have invested \$9.5 million in the Black Economic Development Fund and \$7.5 million in support of Minority Depository Institutions to help close the racial wealth, health and opportunity gap. There is no guarantee as to the performance of this investment or any similar investments we make in the future. Depending on the performance of this investment and future investments we may make, we may not receive any return on our investment or we may lose our entire investment, which could have an adverse effect on our business.

***We may experience quarterly fluctuations in our operating results due to a number of factors, which makes our future results difficult to predict and could cause our operating results to fall below expectations or our guidance.***

Our quarterly operating results have fluctuated in the past and are expected to fluctuate in the future due to a variety of factors, many of which are outside of our control. As a result, our past results may not be indicative of our future performance, and comparing our operating results on a period-to-period basis may not be meaningful. In addition to the other risks described in this Quarterly Report on Form 10-Q, factors that may affect our quarterly operating results include the following:

- changes in spending on software by our current or prospective customers;
- pricing our customer platform subscriptions effectively so that we are able to attract and retain customers without compromising our profitability;
- attracting new customers for our customer platform, increasing our existing customers’ use of our customer platform and providing our customers with excellent customer support;

- customer renewal rates and the amounts for which agreements are renewed;
- global awareness of our thought leadership and brand;
- changes in the competitive dynamics of our market, including consolidation among competitors or customers and the introduction of new products or product enhancements;
- changes to the commission plans, quotas and other compensation-related metrics for our sales representatives;
- the amount and timing of payment for operating expenses, particularly research and development, sales and marketing expenses and employee benefit expenses;
- the amount and timing of costs associated with recruiting, training and integrating new employees while maintaining our company culture;
- our ability to manage our existing business and future growth, including increases in the number of customers on our platform and the introduction and adoption of our customer platform in new markets outside of the United States;
- unforeseen costs and expenses related to the expansion of our business, operations and infrastructure, including disruptions in our hosting network infrastructure and privacy and data security;
- foreign currency exchange rate fluctuations;
- rising inflation in the economies in which we operate and our ability to control costs, including operating expenses; and
- general economic and political conditions in our domestic and international markets, including economic sanctions, trade policy changes and restrictions, trade wars, tariffs, or the threat posed by such actions.

We may not be able to accurately forecast the amount and mix of future subscriptions, revenue and expenses and, as a result, our operating results may fall below our estimates or the expectations of public market analysts and investors. If our revenue or operating results fall below the expectations of investors or securities analysts, or below any guidance we may provide, the price of our common stock could decline.

***If we do not accurately predict subscription renewal rates or otherwise fail to forecast our revenue accurately, or if we fail to match our expenditures with corresponding revenue, our operating results could be adversely affected.***

Our customers have no obligation to renew their subscriptions for our services after the expiration of their contractual subscription period and some customers have elected not to renew. In addition, our customers may renew for fewer subscriptions, renew for shorter contract lengths or switch to lower cost offerings of our services. It is difficult to predict attrition rates given our varied customer base. Our attrition rates may increase or fluctuate as a result of various factors, including customer dissatisfaction with our services, customers' spending levels, mix of customer base, competition, pricing increases or changes in the macroeconomic environment. If customers do not renew their subscriptions, do not purchase additional features or enhanced subscriptions or if attrition rates increase our operating results in future reporting periods may be significantly below the expectations of the public market, equity research analysts or investors, which could harm the price of our common stock.

***Changes in accounting standards and subjective assumptions, estimates and judgments by management related to complex accounting matters could significantly affect our financial condition and results of operations.***

We apply accounting principles and related pronouncements, implementation guidelines and interpretations to a wide range of matters that are relevant to our business, are highly complex and involve subjective assumptions, estimates and judgments by our management. Changes in these rules or their interpretation, or changes in underlying assumptions, estimates or judgments by our management, could significantly change our reported or expected financial performance.

## **Risks Related to Our Notes**

***Servicing our debt may require a significant amount of cash. We may not have sufficient cash flow from our business to pay our indebtedness, and we may not have the ability to raise the funds necessary to settle for cash conversions of the Notes or to repurchase the Notes for cash upon a fundamental change, which could adversely affect our business and results of operations.***

In June 2020, we incurred indebtedness in the aggregate principal amount of \$460.0 million in connection with the issuance of our 0.375% convertible senior notes due June 1, 2025 (the "2025 Notes"). While we expect to settle the principal amount of the 2025 Notes in cash in the first half of 2025 using our existing cash reserves, our ability to make scheduled payments of the principal of, to

pay interest on or to refinance our indebtedness, including the Notes, and any future indebtedness will depend on our performance, which is subject to economic, financial, competitive and other factors beyond our control. Our business may not continue to generate cash flow from operations in the future sufficient to service our debt and make necessary capital expenditures. If we are unable to generate such cash flow, we may be required to adopt one or more alternatives, such as selling assets, restructuring debt or obtaining additional debt financing or equity capital on terms that may be onerous or highly dilutive. Our ability to refinance any future indebtedness will depend on the capital markets and our financial condition at such time. We may not be able to engage in any of these activities or engage in these activities on desirable terms, which could result in a default on our debt obligations. In addition, any of our future debt agreements may contain restrictive covenants that may prohibit us from adopting any of these alternatives. Our failure to comply with these covenants could result in an event of default which, if not cured or waived, could result in the acceleration of our debt.

In addition, holders of the Notes have the right to require us to repurchase their Notes upon the occurrence of a fundamental change at a fundamental change repurchase price equal to 100% of the principal amount of the Notes to be repurchased, plus accrued and unpaid interest, if any. Upon conversion of the Notes, unless we elect to deliver solely shares of our common stock to settle such conversion (other than paying cash in lieu of delivering any fractional share), we will be required to make cash payments in respect of the Notes being converted. We may not have enough available cash or be able to obtain financing at the time we are required to make repurchases of Notes surrendered therefor or Notes being converted. In addition, our ability to repurchase the Notes or to pay cash upon conversions of the Notes may be limited by law, by regulatory authority or by agreements governing our future indebtedness. Our failure to repurchase Notes at a time when the repurchase is required by the indenture governing the notes or to pay any cash payable on future conversions of the Notes as required by such indenture would constitute a default under such indenture. A default under the indenture or the fundamental change itself could also lead to a default under agreements governing our future indebtedness. If the repayment of the related indebtedness were to be accelerated after any applicable notice or grace periods, we may not have sufficient funds to repay the indebtedness and repurchase the Notes or make cash payments upon conversions thereof.

In addition, our indebtedness, combined with our other financial obligations and contractual commitments, could have other important consequences. For example, it could:

- make us more vulnerable to adverse changes in general U.S. and worldwide economic, industry and competitive conditions and adverse changes in government regulation;
- limit our flexibility in planning for, or reacting to, changes in our business and our industry;
- place us at a disadvantage compared to our competitors who have less debt; and
- limit our ability to borrow additional amounts to fund acquisitions, for working capital and for other general corporate purposes.

Any of these factors could materially and adversely affect our business, financial condition and results of operations. In addition, if we incur additional indebtedness, the risks related to our business and our ability to service or repay our indebtedness would increase.

***The conditional conversion feature of the Notes, if triggered, may adversely affect our financial condition and operating results.***

On or after March 1, 2025 until the close of business on the second scheduled trading day immediately preceding the maturity date, holders may convert their 2025 Notes at any time. In the quarter ended March 31, 2025, the Company settled \$89.8 million of the principal balance of the 2025 Notes in cash. Between March 31, 2025 and the date of filing this report, the Company settled \$143.6 million of the principal balance of the 2025 Notes in cash in response to conversion notices received prior to March 31, 2025. If one or more holders elect to convert their Notes, unless we elect to satisfy our conversion obligation by delivering solely shares of our common stock (other than paying cash in lieu of delivering any fractional share), we would be required to settle a portion or all of our conversion obligation through the payment of cash, which could adversely affect our liquidity.

***We are subject to counterparty risk with respect to the Capped Call Options.***

In connection with the offering of the 2025 Notes, we purchased capped call options (“Capped Call Options”) with respect to our common stock for \$50.6 million. The counterparties to the Capped Call Options are financial institutions, and we will be subject to the risk that one or more of the counterparties may default, fail to perform or exercise their termination rights under the Capped Call Options. Global economic conditions have, from time to time, resulted in the actual or perceived failure or financial difficulties of many financial institutions. If a counterparty to the Capped Call Options becomes subject to insolvency proceedings, we will become an unsecured creditor in those proceedings with a claim equal to our exposure at the time under such transaction. In addition, upon a default, failure to perform or a termination of the Capped Call Options by a counterparty, we may suffer more dilution than we

currently anticipate with respect to our common stock. We can provide no assurances as to the financial stability or viability of the counterparties.

## **Risks Related to Our Common Stock**

***Our stock price may be volatile and you may be unable to sell your shares at or above the price you purchased them.***

The trading prices of the securities of technology companies, including providers of software via the cloud-based model, have been highly volatile. Since shares of our common stock were sold in our initial public offering in October 2014 at a price of \$25.00 per share, our stock price has ranged from \$25.79 to \$866.00 through March 31, 2025. The market price of our common stock may fluctuate significantly in response to numerous factors, many of which are beyond our control, including:

- actual or anticipated fluctuations in our revenue and other operating results, including as a result of the addition or loss of any number of customers;
- announcements by us or our competitors of significant technical innovations, acquisitions, strategic partnerships, joint ventures or capital commitments;
- the financial projections we may provide to the public, any changes in these projections or our failure to meet these projections;
- failure of securities analysts to initiate or maintain coverage of us, changes in ratings and financial estimates and the publication of other news by any securities analysts who follow our company, or our failure to meet these estimates or the expectations of investors;
- changes in operating performance and stock market valuations of cloud-based software or other technology companies, or those in our industry in particular;
- price and volume fluctuations in the trading of our common stock and in the overall stock market, including as a result of trends in the economy as a whole;
- sales of large blocks of our common stock or the dilutive effect of our Notes or any other equity or equity-linked financings;
- new laws or regulations or new interpretations of existing laws or regulations applicable to our business or industry, including data privacy and data security;
- lawsuits threatened or filed against us;
- changes in key personnel; and
- other events or factors, including changes in general economic, industry and market conditions and trends, international disputes, wars, and political stability.

In addition, the stock markets have experienced extreme price and volume fluctuations that have affected and continue to affect the market prices of equity securities of many technology companies. Stock prices of many technology companies have fluctuated in a manner unrelated or disproportionate to the operating performance of those companies.

In the past, stockholders have instituted securities class action litigation following periods of market volatility. If we were to become involved in securities litigation, it could subject us to substantial costs, divert resources and the attention of management from our business and adversely affect our business.

***If we fail to maintain an effective system of disclosure controls and internal control over financial reporting, our ability to produce timely and accurate financial statements or comply with applicable regulations could be impaired.***

As a public company we are subject to the reporting requirements of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), the Sarbanes-Oxley Act of 2002 (the “Sarbanes-Oxley Act”), the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Dodd-Frank Act”), and the rules and regulations of the New York Stock Exchange (the “NYSE”). We expect that compliance with these rules and regulations will continue to increase our legal, accounting and financial compliance costs, make some activities more difficult, time consuming and costly, and place significant strain on our personnel, systems and resources.

The Sarbanes-Oxley Act requires, among other things, that we assess the effectiveness of our internal control over financial reporting annually and the effectiveness of our disclosure controls and procedures quarterly. In particular, Section 404 of the

Sarbanes-Oxley Act (“Section 404”), requires us to perform system and process evaluation and testing of our internal control over financial reporting to allow management to report on, and our independent registered public accounting firm to attest to, the effectiveness of our internal control over financial reporting. Our compliance with applicable provisions of Section 404 requires that we incur substantial accounting expenses and expend significant management time on compliance-related issues as we implement additional corporate governance practices and comply with reporting requirements. Moreover, if we are not able to comply with the requirements of Section 404 applicable to us in a timely manner, or if we or our independent registered public accounting firm identifies deficiencies in our internal control over financial reporting that are deemed to be material weaknesses, the market price of our stock could decline and we could be subject to sanctions or investigations by the SEC or other regulatory authorities, which would require additional financial and management resources.

Furthermore, investor perceptions of our company may suffer if deficiencies are found, and this could cause a decline in the market price of our stock. Irrespective of compliance with Section 404, any failure of our internal control over financial reporting could have a material adverse effect on our stated operating results and harm our reputation. If we are unable to implement these requirements effectively or efficiently, it could harm our operations, financial reporting, or financial results and could result in an adverse opinion on our internal controls from our independent registered public accounting firm. In addition, as a result of our hybrid culture, many of our employees – including those critical to maintaining an effective system of disclosure controls and internal control over financial reporting – are working, and are expected to continue to work, in a remote environment and not in the office environment from which they have historically performed their duties. While we have experience maintaining effective control systems with our employees working in remote environments, and risks that we have not contemplated may arise and result in our failure to maintain effective disclosure controls or internal control over financial reporting.

***Anti-takeover provisions in our charter documents and Delaware law may delay or prevent an acquisition of our company.***

Our amended and restated certificate of incorporation, amended and restated bylaws and Delaware law contain provisions that may have the effect of delaying or preventing a change in control of us or changes in our management. Our amended and restated certificate of incorporation and bylaws include provisions that:

- authorize “blank check” preferred stock, which could be issued by the board of directors without stockholder approval and may contain voting, liquidation, dividend and other rights superior to our common stock;
- provide for a classified board of directors whose members serve staggered three-year terms;
- specify that special meetings of our stockholders can be called only by our board of directors, the chairperson of the board of directors, the chief executive officer or the president;
- prohibit stockholder action by written consent;
- establish an advance notice procedure for stockholder approvals to be brought before an annual meeting of our stockholders, including proposed nominations of persons for election to our board of directors;
- provide that our directors may be removed only for cause;
- provide that vacancies on our board of directors may be filled only by a majority of directors then in office, even though less than a quorum;
- specify that no stockholder is permitted to cumulate votes at any election of directors;
- authorize our board of directors to modify, alter or repeal our amended and restated bylaws; and
- require supermajority votes of the holders of our common stock to amend specified provisions of our charter documents.

These provisions, alone or together, could delay or prevent hostile takeovers and changes in control or changes in our management.

In addition, because we are incorporated in Delaware, we are governed by the provisions of Section 203 of the Delaware General Corporation Law, which limits the ability of stockholders owning in excess of 15% of our outstanding voting stock to merge or combine with us in certain circumstances.

Any provision of our amended and restated certificate of incorporation or amended and restated bylaws or Delaware law that has the effect of delaying or deterring a change in control could limit the opportunity for our stockholders to receive a premium for their shares of our common stock, and could also affect the price that some investors are willing to pay for our common stock.

## **General Risks**

### ***Failure to comply with laws and regulations could harm our business.***

Our business is subject to regulation by various federal, state, local and foreign governmental agencies, including agencies responsible for monitoring and enforcing employment and labor laws, workplace safety, environmental laws, consumer protection laws, anti-bribery laws, import/export controls, federal securities laws and tax laws and regulations. In certain jurisdictions, these regulatory requirements may be more stringent than those in the United States. Noncompliance with applicable regulations or requirements could subject us to investigations, sanctions, mandatory recalls, enforcement actions, disgorgement of profits, fines, damages, civil and criminal penalties or injunctions.

### ***Adverse litigation results could affect our business.***

From time to time we may become involved in legal proceedings or be subject to claims arising in the ordinary course of our business. Litigation can be lengthy, expensive and disruptive to our operations, and can divert our management's attention away from running our core business. The results of our litigation also cannot be predicted with certainty. Even a favorable judgment may be subject to appeals leading to protracted litigation, additional costs and the prospect that our desired outcome will be overturned. An adverse decision could result in monetary damages or injunctive relief that could affect our business, operating results or financial condition.

### ***Our ability to raise capital in the future may be limited, and our failure to raise capital when needed could prevent us from growing.***

Our business and operations may consume resources faster than we anticipate. In the future, we may need to raise additional funds to invest in future growth opportunities. Additional financing may not be available on favorable terms, if at all. In addition, recent volatility in capital markets and lower market prices for many securities may affect our ability to access new capital through sales of shares of our common stock or issuance of indebtedness, which may materially harm our liquidity, limit our ability to grow our business, pursue acquisitions or improve our operating infrastructure and restrict our ability to compete in our markets.

If adequate funds are not available on acceptable terms, we may be unable to invest in future growth opportunities, which could seriously harm our business and operating results. If we incur debt, the debt holders could have rights senior to common stockholders to make claims on our assets, and the terms of any debt could restrict our operations, including our ability to pay dividends on our common stock. Furthermore, if we issue equity securities, stockholders will experience dilution, and the new equity securities could have rights senior to those of our common stock. The Notes are and any additional equity or equity-linked financings would be dilutive to our stockholders. Because our decision to issue securities in any future offering will depend on market conditions and other factors beyond our control, we cannot predict or estimate the amount, timing or nature of our future offerings. As a result, our stockholders bear the risk of our future securities offerings reducing the market price of our common stock and diluting their interest.

### ***Catastrophic events could disrupt our business and adversely affect our financial condition and results of operations.***

We rely on our network infrastructure and enterprise applications, internal technology systems and website for our development, marketing, operations, support, hosted services and sales activities. In addition, some of our businesses rely on third-party hosted services, and we do not control the operation of third-party data center facilities serving our customers from around the world, which increases our vulnerability. A disruption, infiltration or failure of these systems or third-party hosted services in the event of a major earthquake, fire, flood, tsunami or other weather event, power loss, telecommunications failure, software or hardware malfunctions, pandemics, cyber-attack, war, terrorist attack or other catastrophic event that we do not adequately address, could cause system interruptions, reputational harm, loss of intellectual property, delays in our product development, lengthy interruptions in our services, breaches of data security and loss of critical data. Any of these events could prevent us from fulfilling our customer demands or could negatively impact a country or region in which we sell our products, which could in turn decrease that country's or region's demand for our products. A catastrophic event that results in the destruction or disruption of any of our data centers or our critical business or information technology systems could severely affect our ability to conduct normal business operations and, as a result, our future operating results could be adversely affected. The adverse effects of any such catastrophic event would be exacerbated if experienced at the same time as another unexpected and adverse event.

The occurrence of regional epidemics or a global pandemic, may have an adverse effect on how we and our customers operate our businesses and our operating and financial results. Our operations may in the future be negatively affected by a range of external factors related to the pandemic that are not within our control, including the emergence and spread of more transmissible variants and the degree of transmissibility and severity thereof. The extent to which global pandemics, impact our financial condition or results of operations will depend on factors, such as the duration and scope of the pandemic, as well as whether there is a material impact on the

businesses or productivity of our customers, partners, employee, suppliers and other partners. To the extent that a pandemic, harms our business and results of operations, many of the other risks described in this “Risk Factors” section, may be heightened.

***Climate change may have a long-term impact on our business***

While we seek to partner with organizations that mitigate their business risks associated with climate change, we recognize that there are inherent risks wherever business is conducted. Any of our primary locations may be vulnerable to the adverse effects of climate change. For example, our offices globally may experience climate-related events at an increasing frequency, including drought, water scarcity, heat waves, cold waves, wildfires and resultant air quality impacts and power shutoffs associated with wildfire prevention. While this danger has a low-assessed risk of disrupting normal business operations, it has the potential to disrupt employees’ abilities to commute to work or to work from home and stay connected effectively. Furthermore, it is more difficult to mitigate the impact of these events on our employees to the extent they work from home. Climate-related events, including the increasing frequency of extreme weather events and their impact on the U.S.’s, Europe’s and other major region’s critical infrastructure, have the potential to disrupt our business, our third-party suppliers and/or the business of our customers, and may cause us to experience higher attrition of our employees, losses and additional costs to maintain or resume operations. Regulatory developments, changing market dynamics and stakeholder expectations regarding climate change may impact our business, financial condition and results of operations. To inform our disclosures and take potential action as appropriate, we are working to align our reporting with emerging disclosure and accounting standards such as the Financial Stability Board’s Task Force on Climate-Related Financial Disclosures, the Sustainability Accounting Standards Board and the Global Reporting Initiative, as well as new disclosure requirements from regulators.

**Item 2. Unregistered Sales of Equity Securities and Use of Proceeds**

None.

**Item 3. Defaults on Senior Securities**

None.

**Item 4. Mine Safety Disclosures**

Not Applicable.

**Item 5. Other Information**

The following table describes contracts, instructions or written plans for the sale or purchase of our securities adopted by our directors and certain officers in the three months ended March 31, 2025, each of which is intended to satisfy the affirmative defense conditions of Exchange Act Rule 10b5-1(c), referred to as Rule 10b5-1 trading plans.

Name	Action Taken	Nature of Trading Arrangement	Duration of Trading Arrangement	Aggregate Number of Securities
Kate Bueker (Chief Financial Officer)	Adoption (February 18, 2025)	Trading plan intended to satisfy the affirmative defense conditions of Exchange Act Rule 10b5-1(c)	331 days	23,554 shares
Brian Halligan (Co-Founder and Executive Chairperson)	Adoption (March 3, 2025)	Trading plan intended to satisfy the affirmative defense conditions of Exchange Act Rule 10b5-1(c)	443 days	102,000 shares

**Item 6. Exhibits**

The exhibits listed below are filed or incorporated by reference into this Report.

<b>Exhibit number</b>	<b>Description of exhibit</b>	<b>Provided Herewith</b>	<b>Form</b>	<b>SEC File no.</b>	<b>Exhibit</b>	<b>Filing Date</b>
3.1	<a href="#">Amended and Restated Certificate of Incorporation of the Registrant</a>		10-K	001-36680	3.1	2/24/2016
3.2	<a href="#">Certificate of Amendment to the Seventh Amended and Restated Certificate of Incorporation</a>		8-K	001-36680	3.1	6/14/2024
3.3	<a href="#">Fifth Amended and Restated Bylaws of the Registrant</a>		8-K	001-36680	3.1	5/1/2024
4.1	<a href="#">Form of Common Stock Certificate</a>		S-1	333-198333	4.1	9/26/2014
10.1	<a href="#">Executive Severance Plan, effective April 10, 2025.</a>		8-K	001-36680	10.1	4/11/2025
31.1	<a href="#">Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>	X				
31.2	<a href="#">Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>	X				
32.1*	<a href="#">Certification of Chief Executive Officer and Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a>	X				
101.INS	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because XBRL tags are embedded within the Inline XBRL document	X				
101.SCH	Inline XBRL Taxonomy Extension Schema Document	X				
104	Cover Page Interactive Data File (formatted as Inline XBRL with applicable taxonomy extension information contained in Exhibits 101.*)	X				

\* The certifications furnished in Exhibit 32.1 hereto are deemed to accompany this Quarterly Report on Form 10-Q and will not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, except to the extent that the registrant specifically incorporates it by reference. Such certifications will not be deemed to be incorporated by reference into any filings under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, except to the extent that the registrant specifically incorporates it by reference.



**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

**HUBSPOT, INC.**

By: /s/ Kate Bueker  
Name: Kate Bueker  
Title: Chief Financial Officer  
*(Principal Financial and Accounting  
Officer and Authorized Signatory)*

May 8, 2025

**Certification of Chief Executive Officer  
Pursuant to  
Exchange Act Rules 13a-14(a) and 15d-14(a),  
As Adopted Pursuant to  
Section 302 of the Sarbanes-Oxley Act of 2002**

I, Yamini Rangan, certify that:

1. I have reviewed this quarterly report on Form 10-Q of HubSpot, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 8, 2025

By: /s/ Yamini Rangan  
Yamini Rangan  
Chief Executive Officer  
(Principal Executive Officer)

**Certification of Chief Financial Officer**  
**Pursuant to**  
**Exchange Act Rules 13a-14(a) and 15d-14(a),**  
**As Adopted Pursuant to**  
**Section 302 of the Sarbanes-Oxley Act of 2002**

I, Kate Bueker, certify that:

1. I have reviewed this quarterly report on Form 10-Q of HubSpot, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 8, 2025

By: /s/ Kate Bueker  
Kate Bueker  
Chief Financial Officer  
(Principal Financial Officer)

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER  
PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

I, Yamini Rangan, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge, the Quarterly Report on Form 10-Q of HubSpot, Inc. for the period ended March 31, 2025 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in such Quarterly Report on Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of HubSpot, Inc.

Date: May 8, 2025

By: /s/ Yamini Rangan  
Yamini Rangan  
Chief Executive Officer  
(Principal Executive Officer)

I, Kate Bueker, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge, the Quarterly Report on Form 10-Q of HubSpot, Inc. for the period ended March 31, 2025 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in such Quarterly Report on Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of HubSpot, Inc.

Date: May 8, 2025

By: /s/ Kate Bueker  
Kate Bueker  
Chief Financial Officer  
(Principal Financial Officer)

*The foregoing certifications are not deemed filed with the Securities and Exchange Commission for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (Exchange Act), and are not to be incorporated by reference into any filing of HubSpot, Inc. under the Securities Act of 1933, as amended, or the Exchange Act, whether made before or after the date hereof, regardless of any general incorporation language in such filing.*

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